

PGS & Associates

Chartered Accountants

103, Vatsalya Building, 3rd Lane, Hindu Colony, L N Road, Dadar (East), Mumbai- 400014

• Telephone No: 86577 41103 / 87790 57086 • Email ID:info@pgsca.in

To,

The Board of Directors,

Diffusion Engineers Limited

T-5 & 6, MIDC, Hingana Nagpur

Maharashtra, Pin- 440016.

Independent Auditors' Examination Report on Restated Standalone Financial for the period ended 31st December 2023 and for the years ended 31st March 2023, 31st March 2022 and 31st March 2021, in connection with the Initial Public Offering of Diffusion Engineers Limited

Dear Sirs,

- 1) We have examined the attached Restated Standalone Financial Statements of **Diffusion Engineering Limited** ("the Company"), which comprise of the Restated summary statement of assets and liabilities as at 31st December 2023, 31st March 2023, 31st March 2022, 31st March 2021, the Restated summary statements of profit and loss (including other comprehensive income), the Restated summary statement of cash flows and the Restated statement of changes in equity period ended 31st December 2023 and the years ended 31st March 2023, 31st March 2022 and 31st March 2021 read together with summary statement of significant accounting policies, annexures and notes thereto (collectively, together with the notes and annexures there to, referred to as the "Restated Standalone Financial Statements"), for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offering (the "IPO"). The Restated Standalone Financial Statements have been approved by the Board of Directors of the Company in its meeting held on 30th March 2024 for the purpose of inclusion in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus (hereinafter referred to as "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offering (the "IPO") comprising of fresh issue of equity shares of face value of Rs. 10 each and prepared in terms of the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Companies Act"), as amended.

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- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time.
- 2) The Company's board of directors is responsible for the preparation of the Restated Standalone Financial Statements for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, and the Registrar of Companies, Mumbai, in connection with the proposed IPO. The Restated Standalone Financial Statements have been prepared by the management of the Company based on preparation stated in notes to the Restated Standalone Financial Statements. The responsibility of the board of directors of the company includes designing, implementing, and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Financial Statements. The board of directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
- 3) We have examined these Restated Standalone Financial Statements taking into consideration:
- a) Terms of reference and terms of our engagement agreed upon with the Company in accordance with our engagement letter dated 16th January 2024 in connection with the proposed public offering of the equity shares by the Company.
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI as amended from time to time.
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Statements; and
 - d) The requirements of Section 26 of the Companies Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in

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relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.

- 4) These Restated Standalone Financial Statements have been compiled by the management from:

Audited Financial Statements of the Company for the period ended 31st December 2023, and the years ended 31stMarch 2023, 31stMarch 2022 and 31st March 2021 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules as amended from time to time and other accounting principles generally accepted in India.

- 5) For the purpose of examination, we have relied on:

- a) Auditors' report issued by us dated 30th March 2024, on Audited Standalone Financial Statements of the Company as at and for the period ended 31st December 2023, along with comparative audited standalone financial statement for the year ended 31st March 2023.
- b) Auditors' report issued by us dated 17thAugust 2023, on Audited Financial Statements of the Company as at and for the year ended 31stMarch 2023, along with comparative audited standalone statement financial statement for the year ended 31stMarch 2022.
- c) Auditors' report issued by P. R.Bhuta& Co. dated 21stSeptember 2022, on Audited Financial Statements of the Company as at and for the year ended 31stMarch2022, along with comparative audited standalone statement financial statement for the year ended 31stMarch 2021.
- d) Auditors' report issued by P R Bhuta& Co. us dated 24thSeptember 2021, on Audited Financial Statements of the Company as at and for the year ended 31stMarch 2021, along with comparative audited standalone statement financial statement for the year ended 31stMarch 2020.

- 6) The audit reports on the Financial Statements as mentioned in paragraph 4 and 5 above issued by us and erstwhile statutory auditors are unmodified.

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- 7) Based on our examination and according to the information and explanations given to us, we report that the Restated Standalone Financial Statements:
- a) There have been no adjustments required to be made for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in each of the financial years ended 31stMarch 2023, 31stMarch 2022, and 31st March 2021. Except for the Adjustments on account of First-time adoption of IND AS
 - b) There were no qualifications in the auditor's report on the audited financial statements of the Company for the financial years ended 31stMarch 2023, 2022 and 2021 which require any adjustments to the Restated Standalone Financial information.
 - c) does not require any adjustment for modification as there is no modification in the underlying audit reports; and
 - d) have been prepared in accordance with the Companies Act, ICDR Regulations and the Guidance Note.
- 8) The Restated Standalone Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on audited Financial Statements as mentioned in paragraph 5 above.
- 9) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- 10) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 11) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 12) Our report is intended solely for use of the Board of Directors for inclusion in the Offer documents to be filed with the SEBI, the National Stock Exchange of India Limited, BSE Limited and the ROC in connection with the proposed IPO. Our report should not be used, referred to or distributed for any other purpose except

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with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without or prior consent in writing.

For PGS & Associates

Chartered Accountants

Firm Registration No.: 0122384W

Premal
Hemant
Gandhi



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Premal Hemant
Gandhi
Date: 2024.03.30
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Premal H. Gandhi

Partner

Membership No. 111592

Place: Mumbai

Date: 30th March 2024

UDIN: 24111592BKBIKK2422

DIFFUSION ENGINEERS LTD
Restated Standalone Statement of Assets and Liabilities as at December 31, 2023

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	3	679.67	605.73	582.76	554.43
(b) Capital work-in-progress	3 (a)	0.31	18.27	-	-
(c) Intangible assets	4	3.12	2.55	1.72	2.17
(d) Financial assets					
(i) Investments	5	270.15	212.34	239.42	182.01
(ii) Other financial assets	6	60.69	64.02	58.69	45.61
Total non-current assets		1,013.95	902.91	882.59	784.23
(2) Current Assets					
(a) Inventories	7	489.29	472.49	415.36	268.73
(b) Financial Assets					
(i) Trade receivables	8	675.35	730.17	477.98	410.61
(ii) Cash and cash equivalents	9	16.54	18.65	19.88	40.26
(iii) Other bank balances	10	-	0.03	5.05	0.07
(iv) Loans and advances	11	95.00	42.66	26.48	33.65
(v) Others financial assets	12	9.03	31.64	7.85	7.15
(c) Other current assets	13	24.41	40.63	21.01	18.04
Total current assets		1,309.62	1,336.26	973.61	778.50
Total Assets		2,323.57	2,239.18	1,856.20	1,562.73
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	14	280.21	37.37	37.37	37.37
(b) Other equity	15	1,435.78	1,329.25	1,172.15	1,030.20
Total equity		1,715.99	1,366.62	1,209.53	1,067.58
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	16	-	16.69	27.99	55.65
(ii) Other financial liabilities	17	4.28	2.85	1.51	2.09
(b) Deferred tax liabilities (net)	18	49.97	38.38	34.35	34.01
Total non-current liabilities		54.25	57.93	63.85	91.76
Current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	224.48	459.29	213.06	136.69
(ii) Trade payables	20				
Total outstanding dues of micro enterprises and small enterprises		53.56	9.84	1.31	8.81
Total outstanding dues of creditors other than micro enterprises and small enterprises		163.05	237.66	276.03	173.99
(iii) Other financial liabilities	21	59.68	11.38	15.10	9.25
(b) Provisions	22	2.74	1.55	2.70	2.17
(c) Other current liabilities	23	49.04	91.06	74.62	72.48
(d) Current tax liabilities (net)	24	0.77	3.85	-	-
Total current liabilities		553.33	814.63	582.82	403.39
Total Equity and liabilities		2,323.57	2,239.18	1,856.20	1,562.73
The accompanying notes form an integral part of the standalone financial statements		1-44			

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

Premal Hemant Gandhi
Digitally signed by Premal Hemant Gandhi
Date: 2024.03.30 22:01:37 +05'30'

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN 24111592BKBIKK2422
Date :30/3/2024

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

Prashant Garg
Digitally signed by Prashant Garg
DN: cn=Prashant, o=Diffusion Engineers Limited, ou=Diffusion Engineers Limited, email=prashant@diffusionengineers.com, c=IN

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30/3/2024

Abhishek Mehta
Digitally signed by Abhishek Mehta
DN: cn=Abhishek Mehta, o=Diffusion Engineers Limited, ou=Diffusion Engineers Limited, email=abhishek@diffusionengineers.com, c=IN

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30/3/2024

AJAY MOTILAL JAIN
Digitally signed by AJAY MOTILAL JAIN
Date: 2024.03.30 18:55:23 +05'30'

AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai
Date :30/3/2024

Chanchal Rajesh Jaiswal
Digitally signed by Chanchal Rajesh Jaiswal
DN: cn=Chanchal Rajesh Jaiswal, o=Diffusion Engineers Limited, ou=Diffusion Engineers Limited, email=chanchal@diffusionengineers.com, c=IN

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30/3/2024

DIFFUSION ENGINEERS LTD
Restated Standalone Statement of Profit & Loss for the period ended December 31, 2023

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Revenue					
I Revenue from operations	25	1,879.60	2,440.74	1,957.58	1,523.18
II Other income	26	44.03	37.78	41.44	39.60
III Total revenue (I+II)		1,923.63	2,478.52	1,999.01	1,562.78
IV Expenses					
Cost of materials consumed	27	917.68	1,355.60	1,106.77	611.28
Purchases of stock-in-trade		123.92	128.09	82.07	59.87
Changes in inventories of finished goods and work-in-progress	28	5.51	(31.68)	(64.14)	166.26
Manufacturing expenses	29	238.29	304.04	252.19	169.89
Employee benefit expenses	30	254.17	298.17	258.60	229.25
Finance costs	31	13.99	22.18	13.39	19.00
Depreciation and amortization expenses	3 & 4	28.95	33.76	38.35	37.40
Other expenses	32	124.23	142.87	105.55	93.72
Total expenses (IV)		1,706.74	2,253.03	1,792.76	1,386.67
V Profit/(loss) before Exceptional Items and Tax (III-IV)		216.90	225.48	206.25	176.11
VI Exceptional Items					
VII Profit/ (loss) before Tax(V-VI)		216.90	225.48	206.25	176.11
VIII Tax expenses	33				
- Current tax		45.89	51.46	48.33	40.88
(Excess)/short provision of tax relating of previous years			1.83	-	
- Deferred tax		11.59	4.03	0.34	7.08
Total tax expenses		57.48	57.32	48.66	47.96
IX Net profit for the year (VII-VIII)		159.42	168.16	157.57	128.15
X Other comprehensive income					
(A) (i) Items that will not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plans		(1.56)	0.20	(0.89)	(1.99)
Income tax effect on above		0.36	(0.05)	0.22	0.58
(B) (ii) Items that will be reclassified to profit or loss in subsequent periods					
Gain / (Loss) on Items designated as Fair Value Through Other Comprehensive Income			-	-	-
Income tax effect on above			-	-	-
Other comprehensive income for the year, net of tax (X)		(1.20)	0.15	(0.67)	(1.41)
XI Total comprehensive income / (loss) for the period (IX+X)		158.21	168.31	156.90	126.74
XII Earnings per equity share					
Earnings per equity share [nominal value of share Rs. 10/-]	34				
Basic (Not annualised for the period ended 31 December 2023)		5.69	6.00	5.62	4.57
Diluted (Not annualised for the period ended 31 December 2023)		5.69	6.00	5.62	4.57
The accompanying notes form an integral part of the standalone financial statements	1-44				

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

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Premal Hemant Gandhi
Date: 2024.03.30
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PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN 24111592BKBKIK2422
Date :30/3/2024

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

Digitally signed by Prashant Garg
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e-mail: prashantgarg@diffusionengineers.com
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prashantcode=4402025, st=Maharashtra,
eMailPrashantGarg@DiffusionEngineers.com
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Date: 2024.03.30 18:53:10 +05'30'

Prashant Garg
PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30/3/2024

Digitally signed by AJAY MOTILAL JAIN
Date: 2024.03.30
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AJAY MOTILAL JAIN
AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai
Date :30/3/2024

Digitally signed by ABHISHEK MEHTA
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e-mail: abhishekmehta@diffusionengineers.com
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prashantcode=4402025, st=Maharashtra,
eMailPrashantGarg@DiffusionEngineers.com
317, c/o=Prashant Garg
Date: 2024.03.30 18:53:10 +05'30'

ABHISHEK MEHTA
ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30/3/2024

Digitally signed by CHANCHAL RAJESH JAISWAL
DIN: 0000, e-Perational: 8114,
e-mail: chanchalrajeswjaiswal@diffusionengineers.com
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eMailPrashantGarg@DiffusionEngineers.com
317, c/o=Prashant Garg
Date: 2024.03.30 18:53:10 +05'30'

CHANCHAL RAJESH JAISWAL
CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30/3/2024

DIFFUSION ENGINEERS LTD
Standaone Cash Flow Statement for the Period ended December 31, 2023
(All amounts in rupees Million, unless otherwise stated)

(All amounts in rupees Million, unless otherwise stated)

Particulars	Period ended 31 Dec 2023	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flows from operating activities				
Profit/(loss) before tax	216.89	225.48	206.25	176.11
Adjustments:				
Depreciation and amortisation	28.95	33.35	37.74	36.54
Bad Debts & Write Off	9.84	3.76	-	2.63
Gain/(loss) on remeasurements of the defined employee benefit plans	(1.20)	0.15	(0.67)	(1.41)
Net (gain)/loss on financial instruments at fair value through profit or loss	(20.67)	10.13	(7.04)	(22.05)
Write Back	-	-	(0.25)	(2.66)
Interest and Finance Charges	-	22.18	13.39	19.00
Interest Income	-	(2.50)	(2.96)	(2.02)
Loss/(Surplus) on Sale of Fixed Assets/Investments (Net)	-	(17.84)	(12.02)	(3.81)
Operating cash flows before working capital changes and other assets	233.81	274.70	234.43	202.33
(Increase)/decrease in inventories	(16.80)	(57.13)	(146.64)	175.73
Decrease/(increase) in Trade and Other Receivables	18.58	(300.74)	(70.83)	(61.28)
(Decrease)/increase in other current assets	16.25	(18.82)	(16.95)	7.52
(Decrease)/increase in Trade and Other Payables	18.86	(27.19)	95.01	(82.65)
(Decrease)/increase in other current liabilities	(42.02)	16.44	2.14	(33.00)
(Decrease)/increase in other current provisions	1.19	(1.15)	0.53	(0.14)
Cash generated from operations	229.88	(113.88)	97.68	208.51
Income taxes refund/(paid), net	(48.97)	(45.73)	(42.48)	(412.84)
Net Cash Flow From/(Used In) Operating Activities (A)	180.91	(159.61)	55.19	1,671.00
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(102.90)	(56.32)	(66.06)	9.18
Purchase of intangible assets	(0.57)	(0.83)	0.45	0.65
Purchase of CWIP	17.96	(18.27)	-	-
Non Current investment	(37.15)	16.95	(50.37)	6.78
Interest Income	-	2.50	2.96	2.02
Profit/(loss) on sale of Investments	-	17.84	12.02	3.81
Net Cash Flow From/(Used In) Investing Activities (B)	(122.65)	(38.12)	(100.99)	22.44
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	(16.69)	(11.30)	(27.66)	(60.67)
Proceeds from short-term borrowings(Net)	(234.81)	246.23	76.37	(63.49)
Finance Cost paid	-	(22.18)	(13.39)	(19.00)
Dividend Paid	(11.21)	(16.24)	(9.90)	(13.08)
Proceeds from Issue	202.37	-	-	-
Net Cash Flow From/(Used In) Financing Activities (C)	(60.35)	196.51	25.43	(156.24)
Net increase/decrease in cash and cash equivalents	(2.09)	(1.23)	(20.38)	33.30
Cash and cash equivalents at the beginning of the period	18.65	19.88	40.26	6.98
Cash & Cash Equivalents at the End of the Period(A+B+C)	16.55	18.66	19.89	40.26

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

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Premal Hemant Gandhi
Date: 2024.03.30
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PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN 24111592BKBIKK2422
Date :30/3/2024

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

Prashant Garg

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30/3/2024

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AJAY MOTILAL JAIN
Date: 2024.03.30
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AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai
Date :30/3/2024

ABHISHEK MEHTA

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30/3/2024

CHANCHAL RAJESH JAISWAL

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30/3/2024

DIFFUSION ENGINEERS LTD

15. Standalone Statement of Change in Equity for the period ended 31 December 2023

A EQUITY SHARE CAPITAL

(Rs. in Million)

	No. of Shares	Amount
Balance as at March 31, 2021	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at March 31, 2022	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at March 31, 2023	37,37,467	37.37
Add: Issue during the year	2,42,83,792	242.84
Balance as at December 31, 2023	2,80,21,259	280.21

B OTHER EQUITY

(All amounts in rupees Million, unless otherwise stated)

Particulars	Retained Earnings	Securities Premium	Capital Redemption Reserve	Capital Reserve	General Reserve	Total
As at 'April 01, 2021						
Balance as per previous GAAP	838.15	29.37	4.72	17.42	122.05	1,011.71
Adjustments:						
Net change in fair value of Equity investments	18.50	-	-	-	-	18.50
Total IND AS Adjustments						
Balance as at 31 March 2021	856.64	29.37	4.72	17.42	122.05	1,030.20
Profit for the year	157.57	-	-	-	-	157.57
Net change in fair value of Equity investments	-	-	-	-	-	-
Remeasurement of net defined benefit plan	(0.67)	-	-	-	-	(0.67)
Interim dividend	(7.48)	-	-	-	-	(7.48)
Final Dividend	(7.48)	-	-	-	-	(7.48)
Balance as at 31 March 2022	998.60	29.37	4.72	17.42	122.05	1,172.15
Profit for the year	168.16	-	-	-	-	168.16
Net change in fair value of Equity investments	-	-	-	-	-	-
Remeasurement of net defined benefit plan	0.15	-	-	-	-	0.15
Interim dividend	(3.74)	-	-	-	-	(3.74)
Final Dividend	(7.47)	-	-	-	-	(7.47)
Balance as at 31 March 2023	1,155.70	29.37	4.72	17.42	122.05	1,329.25
Profit for the year	159.42	-	-	-	-	159.42
Net change in fair value of Equity investments	-	-	-	-	-	-
Remeasurement of net defined benefit plan	(1.20)	-	-	-	-	(1.20)
Interim dividend	-	-	-	-	-	-
Final Dividend 2019-2020	-	-	-	-	-	-
Final Dividend 2022-2023	(11.21)	-	-	-	-	(11.21)
Issue of share	-	199.71	-	-	-	199.71
Utilised against Bonus shares	(6.39)	(229.07)	(4.72)	-	-	(240.18)
Balance as at 31 December 2023	1,296.31	0.00	0.00	17.42	122.05	1,435.78

Description of Reserves

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve

In FY 2001-02 company completed the Buy-Back of 4,72,150 equity shares of Rs. 10/- each at a Premium of Rs. 25.62 per share. The total consideration paid was Rs. 1.68, 17,981/- out of which the Premium of Rs. 1.20,96,481/- was paid by utilising the share premium account. The company has also transferred Rs. 47,21,500/- to the capital redemption reserve account from General Reserve as a consequent to the Buy-Back of shares.

Capital Reserve

The company started creating the capital reserve for receipt of state subsidy from the year 1992-93.

General reserves

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

Premal Hemant Gandhi
Digitally signed by Premal Hemant Gandhi
Date: 2024.03.30 22:52:19 +05'30'

PREMAL H GANDHI

Partner
Membership Number: 111592
Place : Mumbai
UDIN 24111592BKBK2422
Date :30/3/2024

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

Prashant N. Garg
Digitally signed by Prashant N. Garg
Date: 2024.03.30 18:57:21 +05'30'

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30/3/2024

Abhishek Mehta
Digitally signed by Abhishek Mehta
Date: 2024.03.30 17:13:58 +05'30'

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30/3/2024

Ajay Motilal Jain
Digitally signed by Ajay Motilal Jain
Date: 2024.03.30 18:57:21 +05'30'

AJAY JAIN
Director
DIN :- 02815416
Place : Mumbai
Date :30/3/2024

Chanchal Rajesh Jaiswal
Digitally signed by Chanchal Rajesh Jaiswal
Date: 2024.03.30 18:03:10 +05'30'

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30/3/2024

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements
(All amounts in rupees Million, unless otherwise stated)

14. Authorised, issued, subscribed and paid-up share capital

	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Authorised share capital				
Equity share capital				
4,00,00,000 (Previous Years 50,00,000) equity shares of Rs. 10 each	400.00	50.00	50.00	50.00
	<u>400.00</u>	<u>50.00</u>	<u>50.00</u>	<u>50.00</u>
Issued, subscribed and paid-up share capital				
Equity share capital				
2,80,21,259 (Previous Years 37,37,467) Equity shares of Rs 10/- each fully paid up	280.21	37.37	37.37	37.37
	<u>280.21</u>	<u>37.37</u>	<u>37.37</u>	<u>37.37</u>

Rights, preferences and restrictions attached to the equity shares

The Company has issued only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Details of shares held by each shareholder holding more than 5%

Name of Shareholders	As at December 31, 2023		As at 31st March 2023		As at 31st March 2022		As at April 01, 2021	
	% held	Nos	% held	Nos	% held	Nos	% held	Nos
Equity shares with voting rights								
Mr NK Garg (HUF)	7.44%	2085279	7.97%	2,97,897	7.97%	2,97,897	7.97%	2,97,897
Mr Prashant Garg	37.04%	10379551	38.97%	14,56,593	38.97%	14,56,593	38.97%	14,56,593
Dr Nitin Garg	24.54%	6876254	26.28%	9,82,322	26.28%	9,82,322	26.28%	9,82,322
Mrs Chitra Garg	21.88%	6130971	22.73%	8,49,653	22.73%	8,49,653	22.73%	8,49,653

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 31st December 2023	As at 31st March 2023	As at 31st March 2022	As at April 01, 2021
Equity shares				
Outstanding at the beginning of the year		3737467	37,37,467	37,37,467
Add: Shares issued during the year		24283792	-	-
Outstanding at the end of the year		<u>2,80,21,259</u>	<u>37,37,467</u>	<u>37,37,467</u>

Number of shares held by promoters:

Name of Shareholders	As at 31st December 2023		As at 31st March 2023		As at 31st March 2022		As at 31st March 2021	
	% held	Nos	% held	Nos	% held	Nos	% held	Nos
Mr NK Garg (HUF)	7.44%	2085279	7.97%	2,97,897	7.97%	2,97,897	7.97%	2,97,897
Mr Prashant Garg	37.04%	10379551	38.97%	14,56,593	38.97%	14,56,593	38.97%	14,56,593
Dr Nitin Garg	24.54%	6876254	26.28%	9,82,322	26.28%	9,82,322	26.28%	9,82,322
Mrs Chitra Garg	21.88%	6130971	22.73%	8,49,653	22.73%	8,49,653	22.73%	8,49,653
Nitin and Renuka Garg	1.88%	5,26,967	2.01%	75,281	2.01%	75,281	2.01%	75,281
Prashant and Neelu Garg	0.23%	65,548	0.25%	9,364	0.25%	9,364	0.25%	9,364

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 3 and 3a
Property, plant and equipment

Particulars	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Weighing Machines	Total	Capital work in progress (CWIP)
Cost/ Deemed cost										
Additions	-	61.26	78.45	3.22	18.46	-	6.29	-	167.67	-
Sales/Disposals/Adjustments	-	55.79	195.35	-	7.29	-	1.07	-	259.51	-
Cost/ Deemed cost										
As at 31 March 2021	84.75	245.60	202.24	6.50	12.57	1.52	1.24	-	554.43	-
Additions	-	8.71	89.52	0.30	2.24	2.13	1.24	-	104.14	-
Sales/Disposals/Adjustments	-	22.07	14.99	-	0.96	-	0.06	-	38.08	-
As at 31 March 2022	84.75	232.24	276.77	6.80	13.85	3.66	2.43	-	620.49	-
Additions	-	5.84	33.57	4.00	12.34	1.83	1.81	-	59.39	18.27
Sales/Disposals/Adjustments	-	-	2.99	-	-	-	0.08	-	3.07	-
As at 31 March 2023	84.75	238.08	307.35	10.80	26.19	5.48	4.16	-	676.81	18.27
Additions	42.08	7.08	46.59	1.08	2.65	1.39	1.57	-	102.45	1.83
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	19.79
As at 31 December 2023	126.83	245.16	353.94	11.88	28.84	6.87	5.74	-	779.27	0.31
Accumulated depreciation										
As at 1st April 2019	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	50.76	196.97	9.92	30.51	7.11	7.77	-	303.05	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	-	50.76	196.97	9.92	30.51	7.11	7.77	-	303.05	-
Depreciation for the year	-	89.31	225.60	10.75	27.65	6.30	5.78	-	365.39	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 April 2021	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	7.54	25.59	1.07	2.34	0.58	0.62	-	37.74	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	-	7.54	25.59	1.07	2.34	0.58	0.62	-	37.74	-
Depreciation for the year	-	7.60	20.89	0.96	2.01	1.13	0.76	-	33.35	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	15.14	46.48	2.03	4.35	1.72	1.38	-	71.09	-
Depreciation for the year	-	6.21	17.07	0.90	2.49	0.93	0.89	-	28.50	-
Sales/Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 December 2023	-	21.36	63.55	2.93	6.84	2.65	2.27	-	99.59	-
Net block										
As at 31 March 2023	84.75	222.94	260.87	8.78	21.84	3.77	2.79	-	605.73	18.27
As at 31 December 2023	126.83	223.80	290.39	8.95	22.00	4.23	3.47	-	679.67	0.31

Following are the disclosures with regard to its gross block value, accumulated depreciation and net block value as per previous GAAP as on April 01, 2021:

Particulars	Cost	Accumulated Depreciation	Net Block
Land Freehold	126.83	-	126.83
Buildings	245.16	21.36	223.80
Plant and Equipment	353.94	63.55	290.39
Furniture and Fixtures	11.88	2.93	8.95
Vehicles	28.84	6.84	22.00
Office equipment	6.87	2.65	4.23
Computers	5.74	2.27	3.47
Total	779.27	99.59	679.67

Note 3a**Capital work-in-Progress**

Particulars	As at 31 December 2023	As at March 31, 2023	As at March 31, 2022
Carrying amount at end of year	0.31	18.27	-

Ageing of Capital work-in-progress

Particulars	As at 31 December 2023	As at March 31, 2023	As at March 31, 2022
Less than 1 year	0.31	18.27	-
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
Total	0.31	18.27	-

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in Rupees, unless otherwise stated)

Note 4**Intangible assets**

	Technical Know- how	Software	Total
Additions during the period	-	2.04	2.04
Disposals / Adjustments during the year	-	-	-
As at 31 March 2021	0.13	2.04	2.17
Additions during the period	-	0.16	0.16
Disposals / Adjustments during the year	-	-	-
As at 31 March 2022	0.13	2.20	2.33
Additions during the period	-	1.25	1.25
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	0.13	3.45	3.58
Additions during the period	-	1.01	1.01
Disposals / Adjustments during the year	-	-	-
As at 31 December 2023	0.13	4.45	4.59
Accumulated amortisation:			
As at 31 March 2023	-	1.03	1.03
Charge for the year	-	0.44	0.44
Disposals / Adjustments during the year	-	-	-
As at 31 December 2023	-	1.47	1.47
Carrying amount (net)			
As at 31 March 2023	0.13	2.42	2.55
As at 31 December 2023	0.13	2.99	3.12

The Company used carrying amount as per previous GAAP as on April 01, 2021 in its opening IND AS statement of financial position as deemed cost for an item of property, plant and equipment.

Following are the disclosures with regard to its gross block value, accumulated depreciation and net block value as per previous GAAP as on April 01, 2021:

Particulars	Cost	Accumulated Depreciation	Net Block
Technical Know-how	31.00	30.87	0.13
Software	15.84	13.80	2.04
Total	46.84	44.67	2.17

DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements
(All amounts in rupees Million, unless otherwise stated)

Note 5

Investments - Non-current investments

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Equity instruments				
(i) Investment carried at cost (Unquoted)				
(a) - in subsidiaries				
3,760 equity shares (Previous years : 3,760 equity shares) of INR 10 each of Diffusion Super-Conditioning Services Pvt. Ltd.	3.30	3.30	3.30	3.30
95,000 equity shares (Previous years : 95,000 equity shares) of INR 10 each of Diffusion Heron Adhesive And Sealant Pvt. Ltd.	0.95	0.95	0.95	0.95
6,85,510 equity shares (Previous years : 6,85,510 equity shares) of INR 10 each of Newelco Industries Pvt Ltd	6.67	6.67	6.67	6.67
2,50,217 equity shares (Previous years : 2,50,217 equity shares) of SS 1 each of Diffusion Engineers Singapore Pte. Ltd.	15.44	15.44	15.44	15.44
(b) - in Joint venture				
LSN Diffusion Ltd (Fully Paid Equity Shares) - 7,54,450 (March 31, 2022 - 7,54,450 shares, April 01, 2021)	67.46	67.46	67.46	67.46
	93.82	93.82	93.82	93.77
(ii) Investment carried at fair value through profit or loss Quoted				
(a) Investment in Equity				
- Canara bank limited 268 (Previous Year 268) Equity shares of Canara Bank (Earlier Syndicate)	0.02	0.04	0.06	0.04
(b) Investment in mutual funds				
- Mutual funds	176.31	118.48	145.54	88.20
	176.33	118.52	145.60	88.24
Total (i+ii)	270.15	212.34	239.42	182.01
Annexure-5a				
(a) Investments in quoted instruments:				
Aggregate carrying value	167.07	103.10	120.06	69.74
Aggregate market value	176.82	118.52	14.56	8.82

Note 6

Other non-current financial assets

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Security deposit*	14.76	12.36	11.24	7.15
Fixed deposit with Bank	45.93	51.67	47.45	38.46
Total	60.69	64.02	58.69	45.61

* Security deposit has been shown on transaction cost where terms not ascertainable.

Note 7

Inventories

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Consumables, Stores and Spare parts (At lower of cost and net realisable value)				
Stock in trade				
Raw Materials	233.32	202.05	180.67	94.61
Work in Progress	114.80	140.37	132.51	74.04
Finished goods & Traded Goods	141.16	105.35	84.36	76.27
	489.29	447.77	397.54	244.92
Stock - In - Transit				
Raw Materials	-	9.66	5.59	20.24
Consumables, Stores and Spare parts	-	0.18	0.53	1.15
Traded Goods	-	14.88	11.69	2.43
	-	24.71	17.81	23.81
Total	489.29	472.49	415.36	268.73

Note 8

Trade Receivables

(Unsecured, considered good unless otherwise stated)

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured, considered good	-	-	-	-
Unsecured, considered good *	680.29	732.61	477.98	410.61
Less: Allowance for expected credit loss	4.93	2.44	-	-
Total	675.35	730.17	477.98	410.61
Receivables from related parties (Refer Note 37)	55.90	80.25	4.17	4.11
Receivables from others	619.45	649.92	473.81	406.50
	675.35	730.17	477.98	410.61

* There are some cases pending before Honble NCLT court against some parties amounting to Rs 4.8 million. The company will provide necessary treatment in the books as per the directions of Honble NCLT Court.

Trade Receivables ageing schedule as at 31st December 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	588.34	52.86	18.95	7.53	7.81	675.48
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables, considered good	-	-	-	-	4.80	4.80
(iv) Disputed trade receivables, considered doubtful	-	-	-	-	-	-
Total	588.34	52.86	18.95	7.53	12.61	680.29
Expected Credit Loss						4.93
Net						675.35

Trade Receivables ageing schedule as at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	658.47	41.91	14.77	5.56	7.10	727.81
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables, considered good	-	-	-	-	4.80	4.80
(iv) Disputed trade receivables, considered doubtful	-	-	-	-	-	-
Total	658.47	41.91	14.77	5.56	11.90	732.61
Expected Credit Loss						2.44
Net						730.17

Trade Receivables ageing schedule as at 31st March,2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	436.35	9.94	7.10	6.57	12.46	472.42
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables, considered good	-	-	-	-	2.47	2.47
(iv) Disputed trade receivables, considered doubtful	-	0.68	1.97	0.10	0.33	3.08
Total	436.35	10.62	9.07	6.68	15.26	477.98

Trade Receivables ageing schedule as at April 01, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables -considered good	358.49	18.30	12.27	6.23	10.62	405.91
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables, considered good	-	-	-	-	3.54	3.54
(iv) Disputed trade receivables, considered doubtful	-	-	-	-	1.15	1.15
Total	358.49	18.30	12.27	6.23	15.31	410.61

Note 9

Cash and bank balances

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Cash and Cash Equivalents				
Cash on hand	-	0.52	0.25	0.07
Balance with scheduled banks				
in current accounts	-	14.13	8.40	19.82
Fixed deposit with maturity less than 3 months	-	1.89	10.00	-
		16.54	18.65	19.88
				40.26

Note 10

Other bank balances

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
in fixed deposit accounts	-	-	-	-
Dividend accounts	-	0.03	5.05	0.07
Total	-	0.03	5.05	0.07

Note 11

Loans and Advances

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Loans and advances to related parties	-	-	4.26	7.91
Loan to employees	7.85	3.45	3.60	2.47
Advance to others	87.15	39.22	14.92	13.71
Advance Tax	-	-	3.71	9.55
Total	95.00	42.66	26.48	33.65

Note 12

Others Financial Assets

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deposits recoverable	9.03	8.91	7.85	7.15
Mutual Funds Receivables	0.00	22.73	-	-
Total	9.03	31.64	7.85	7.15

Note 13

Other current assets

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	0.01	0.40	0.60	-
Business with government authorities				
GST receivable	1.28	3.59	0.63	0.44
Export and other incentives receivable	17.10	31.82	18.19	17.59
Custom duty paid	0.02	0.03	1.59	-
Vat and sales tax	0.32	0.32	-	-
Net surplus in defined benefit plan- gratuity fund	4.46	4.46	-	-
Deposit recoverable	1.23	-	-	-
Total	24.41	40.63	21.01	18.04

Note 16
Borrowings

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured	-	-	-	0.44
Vehicle Loan from Bank	-	-	-	80.20
Rupee Loan	-	7.34	24.11	-
Foreign Currency Loan	-	22.25	25.68	-
Term Loan	-	-	-	-
Less: Current maturities of long-term borrowings	-	12.91	21.80	25.00
Total	-	16.69	27.99	55.65

16.1

- a Interest rate of the rupee loan is in range between 7.1 % to 9.5%.
 b Interest rate of the above foreign currency loan is 3 Month SOFR+ spread of 3.5%.

- b Borrowings from banks are secured by way of :-
 Secured against Mortgage of Land & Building, book debts & hypothication of Stock.
 Vehicle Loans are secured by respective vehicles.

- c Amount payable during next 12 months, disclosed under the head "Current Borrowings" (Note No. 19)
 d Maturity Profile of the above loan as below :

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Within One year	-	12.91	21.80	25.00
Two to Five years	-	16.69	28.00	55.65
Total	-	29.60	49.80	80.65

Note 17
Other Non-current financial liabilities

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Vehicle/Laptop Scheme	4.28	2.85	1.51	2.09
Total	4.28	2.85	1.51	2.09

Note 18
Defered tax liabilities (net)

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Defered Tax Liability: Timing Difference on account of Carrying amount of Property, plant and equipment and Intangible assets in the Financial Statements and the Income Tax Return	49.97	38.38	35.03	36.62
Defered Tax Assets:	-	-	-	-
Expense allowable for tax purpose when paid (Section 43B items)	-	-	0.68	2.61
Total	49.97	38.38	34.35	34.01

Note 19
Borrowings

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Unsecured	-	-	-	-
Loan From Banks	224.48	446.38	191.25	111.69
Current maturities of long term borrowings	-	12.91	21.80	25.00
Total	224.48	459.29	213.06	136.69

Note 19.1

- a Interest rate of the above loan in range between 7.0% to 8.5%.
 b Borrowings from banks are secured by way of :-
 Secured against Mortgage of Land & Building, book debts & hypothication of Stock.

Note 20
Trade payables

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
total outstanding dues of micro and small enterprises	53.56	9.84	1.31	8.81
total outstanding dues of creditors other than micro and small enterprises	163.05	237.66	276.03	173.99
Total	216.61	247.50	277.34	182.80

Note on MSME Disclosure

Outstanding to Micro, Small and Medium Enterprise :Dec 23 : Rs 53.56 Million; March 23 : Rs. 9.84 Million, March 22 : Rs. 1.31 Million and 01 April 2021 Rs. 8.81 Million. The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company. Total outstanding dues of Micro and Small Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Principal amount due and remaining unpaid	53.56	9.84	1.31	8.81
Interest paid	-	-	-	-
Interest due	-	-	-	-
Interest accrued and due	-	-	-	-
Interest due and remaining unpaid	-	-	-	-
Total	53.56	9.84	1.31	8.81

Trade Payables ageing schedule: As at 31st December 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	53.04	-	-	-	53.04
(ii) Others	-	157.59	2.03	3.68	0.28	163.57
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

Trade Payables ageing schedule: As at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	9.84	-	-	-	9.84
(ii) Others	-	222.88	6.04	2.98	5.77	237.66
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

Trade Payables ageing schedule: As at 31st March,2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	0.75	-	-	-	0.75
(ii) Others	-	249.77	16.84	4.75	4.68	276.03
(iii) Disputed dues- MSME	-	0.56	-	-	-	0.56
(iv) Disputed dues - Others	-	-	-	-	-	-

Trade Payables ageing schedule: As at April 01, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	6.91	-	-	-	6.91
(ii) Others	-	163.43	5.85	4.42	0.29	173.99
(iii) Disputed dues- MSME	-	1.90	-	-	-	1.90
(iv) Disputed dues - Others	-	-	-	-	-	-

Note 21

Other financial liabilities

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deposits from distributors	5.22	5.22	5.02	5.06
Interim Dividend Payable 21-22	0.00	0.03	5.05	-
Liabilities For Expences	54.46	6.13	5.03	3.49
Covid Incentive Payable	-	-	0.00	0.70
Director remuneration	-	-	-	-
Total	59.68	11.38	15.10	9.25

Note 22

Provisions

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Leave Encashment	2.74	1.55	2.70	2.17
Total	2.74	1.55	2.70	2.17

Note 23

Other current liabilities

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Statutory Remittances	17.02	20.73	27.56	15.17
Advance Received from customers	15.94	40.71	8.73	14.15
Mobile Scheme	0.01	0.01	0.01	0.01
Other Credit Balances	16.07	29.60	38.31	43.15
Total	49.04	91.06	74.62	72.48

Note 24

Current tax liabilities (net)

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Provision for Tax- Net of Advance Tax	0.77	3.85	-	-
Total	0.77	3.85	-	-

Note 25

Revenue from operation

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Sale of Products and Services				
-Manufacturing	1,414.56	1,822.06	1,498.72	1,124.22
-Trading	152.37	148.83	132.59	86.31
-Export Sales	171.56	283.48	160.34	183.88
	1,738.49	2,254.37	1,791.65	1,394.41
Job work receipt				
-Local	121.01	151.93	149.15	105.77
-Export	1.87	10.85	1.39	4.30
	122.89	162.78	150.54	110.07
Other Operating Revenues				
Insurance, Licenses & Packing on Sales	16.06	19.20	12.93	15.90
Duty Drawback	2.17	4.39	2.46	2.70
	18.23	23.59	15.39	18.60
Total	1,879.60	2,440.74	1,957.58	1,523.18

Disclosure in accordance with Ind AS - 115 "Revenue Recognition Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

Revenue disaggregation is as follows

	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Disaggregation of goods				
Manufactured Products	1,586.12	2,105.55	1,659.06	1,308.10
Trading Products	152.37	148.83	132.59	86.31
Job Works	122.89	162.78	150.54	110.07
Other Unallocated- Insurance, License sale and Duty Drawback	18.23	23.59	15.39	18.60
	1,879.60	2,440.74	1,957.58	1,523.08
Disaggregation based on geography				
India	1,706.17	2,146.40	1,795.84	1,335.00
Outside India	173.43	294.34	161.74	188.18
	1,879.60	2,440.74	1,957.58	1,523.18

Geographical location is based on the location of customers excluding export incentives
Information about major customers

Customer Type	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Customers under Government Projects	157.19	462.31	37.59	25.04
Industrial Customers	1,548.99	1,684.10	1,758.25	1,309.85
Export Customers	173.43	294.34	161.74	188.18
Total	1,879.60	2,440.74	1,957.58	1,523.08

Note 26
Other Income

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Interest income				
- on Deposit	2.66	2.50	3.15	2.02
- Unwinding of discount on security deposits and others	0.15	0.19	0.19	-
Foreign exchange gain (net)	16.26	3.70	5.36	-
Profit on sale of assets and investment	20.67	17.84	12.02	3.81
Net gain on financial instruments at fair value through profit or loss	20.67	-	7.04	22.05
Rent income	0.1285	-	0.17	0.16
Liabilities written-back	-	-	0.25	2.66
Insurance claim receipt	2.68	0.39	2.36	1.01
Export incentive	-	12.13	10.10	6.67
Miscellaneous income	1.23	0.62	0.80	0.47
Dividend income	0.26	0.39	-	0.75
Total	44.03	37.78	41.44	39.60

Note 27
Cost of materials consumed

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
As at beginning of the period	211.71	167.77	106.07	107.65
Add: Purchases	939.78	1,399.54	1,168.47	699.71
Less: As at end of the period	233.81	211.71	167.77	106.07
Total	917.68	1,355.60	1,106.77	611.28

Note 28
Changes in inventories of finished goods and work-in-progress

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Inventories at the beginning of the year:				
Stock-in-trade	55.57	39.08	42.35	46.65
Finished goods	52.61	45.28	36.34	115.33
Work-in-progress	140.37	132.51	74.04	157.01
Total	248.55	216.87	152.73	318.99
Inventories at the end of the year:				
Stock-in-trade	66.85	55.57	39.08	42.35
Finished goods	61.40	52.61	45.28	36.34
Work-in-progress	114.80	140.37	132.51	74.04
Total	243.04	248.55	216.87	152.73
Total	5.51	(31.68)	(64.14)	166.26

Note 29
Manufacturing expenses

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Consumable, stores and spare parts material Consumed				
Inventories at the beginning of the year:	12.22	12.91	9.93	7.45
Add: Purchases for the year	40.69	55.15	51.51	39.35
Inventories at the end of the year:	12.43	12.22	12.91	9.93
	40.49	55.84	48.53	36.87
Custom duties expenses	1.04	16.75	12.70	10.03
Job work charges	106.80	130.19	105.14	71.15
Labour charges	22.45	25.08	15.68	10.27
Carriage inward and clearing charges	19.31	21.85	24.71	12.68
Power and fuel	42.01	46.08	37.36	28.37
Lease rental	5.95	7.93	7.78	0.22
Water charges	0.24	0.32	0.29	0.30
	197.80	248.20	203.66	133.03
Total	238.29	304.04	252.19	169.89

Note 30
Employee benefits expenses

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	211.95	263.38	225.59	192.71
Post employment benefits				
-Contribution to provident and other funds	11.83	13.79	13.97	12.46
-Gratuity and other defined benefit plans	0.51	0.50	5.85	1.98
Staff welfare expenses	2.21	6.33	1.22	0.54
Sales Commission to employees	5.25	7.13	4.92	2.75
Directors' Commission	5.29	7.05	7.05	-
Directors' Remuneration	13.73	-	-	-
Leave travel allowance	3.41	-	-	-
	254.17	298.17	258.60	229.25

Note 31
Finance cost

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
-Interest expense on:				
Borrowings	11.40	18.19	9.37	15.70
Other borrowing costs	2.60	3.99	4.09	3.29
Exchange Fluctuation on Foreign Currency Transactions/ Translations		-	(0.07)	-
Total	13.99	22.18	13.39	19.00

Note 3 & 4
Depreciation and amortisation expense

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of tangible assets	28.51	33.35	37.74	36.54
Amortisation of intangible assets	0.44	0.41	0.62	0.86
Total	28.95	33.76	38.35	37.40

Note 32
Other expenses

Particulars	As at December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Rent	3.53	4.36	4.01	3.58
Security charges	5.39	5.62	4.56	4.55
Rates and taxes	2.87	2.00	5.79	2.12
Repairs and maintenance:				
-Machinery	0.58	2.07	0.58	0.68
-Vehicles	2.04	3.40	2.75	2.67
-Others	3.52	4.63	2.88	2.25
Insurance expense	3.33	4.07	3.51	4.38
Travelling, communication and conveyance expenses	26.54	32.48	18.56	11.98
Directors sitting fees	0.49	0.56	0.56	0.56
Commission expenses	7.32	6.39	2.35	7.58
Packing, forwarding and distribution expenses	17.29	31.71	29.19	27.88
Advertisements and sales promotion expenses	2.76	2.48	1.95	1.03
Payment to auditors				
-As auditor - Audit fees	1.30	0.48	0.40	0.36
-For other services	0.08	0.38	0.35	0.33
-Out of pocket expenses		-	-	-
Bad debts w/off / ECL Provision	9.84	3.76	1.30	2.63
Legal and professional fees	14.04	14.56	12.77	8.64
Loss on sale of fixed assets		0.33	-	-
Net loss on financial instruments at fair value through profit or loss		10.13	-	-
Expenditure on corporate social responsibility	2.63	3.40	3.33	2.37
Miscellaneous expenses	20.68	10.06	10.69	8.33
Total	124.23	142.87	105.55	93.72

Note 33
Tax Expense

Particulars	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Current tax (including earlier years)	45.89	53.29	48.33	40.88
Deferred tax	11.59	4.03	0.34	7.08
Income tax expense reported in the statement of profit and loss	57.48	57.32	48.66	47.96
Other comprehensive income				
Deferred tax charge/ (credit) on remeasurements losses of defined benefit plans	0.36	(0.05)	0.22	0.58
Total tax expense	57.12	57.37	48.44	47.38

The major components of income tax expense and reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 2023 25.17%, and 2022 25.17% respectively and the reported tax expense in the statement of profit or loss are as follows:

Particulars	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Reconciliation of tax expense and the accounting profit multiplied by tax rate				
Accounting profit before income tax	216.90	225.48	206.23	176.11
At country's statutory income tax rate of 25.17% 31 March 2023 and 31 March 2022: 25.17%)	54.59	56.75	51.91	51.28
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Difference Between Book Depreciation And Tax Depreciation	3.19	(4.40)	(0.13)	(5.85)
Net Expenses disallowed/allowed under Income Tax	7.23	(0.49)	(2.52)	1.20
Fair Value Gain as per IND AS	8.65	-	-	-
Effect of Deferred Tax	11.59	4.03	0.34	7.08
Others	4.45	2.88	(1.16)	(6.31)
	57.12	58.78	48.44	47.42

Note 34
Earning Per Equity Share

Particulars	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders				
Net profit for the year	159.42	168.16	157.56	128.15
Nominal value of equity share Rs.	10.00	10.00	10.00	10.00
Total number of equity shares outstanding at the beginning of the year	3.74	3.74	3.74	37.37
Total number of equity shares outstanding at the end of the year	28.02	3.74	3.74	37.37
Weighted-average number of equity shares (Post Bonus Issue)	28.02	28.02	28.02	28.02
Basic (Not annualised for the period ended 31 December 2023)	5.69	6.00	5.62	4.57
Diluted (Not annualised for the period ended 31 December 2023)	5.69	6.00	5.62	4.57

Note 35
Employee benefit obligations

Defined contribution plan

The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per IND-AS 19

Particulars	Period ended 31 Dec 2023	(Rs. in Million)		
		Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Employers Contribution to Provident Fund/ Pension Fund	10.53	14.32	12.24	108.31
Employers Contribution to ESIC	1.29	1.78	1.76	16.61
Total	11.81	16.10	14.00	124.92

Defined Benefit Plan for Gratuity & for Leave Encashment :

(i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

(ii) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset Volatility :

(i) The plan liabilities are calculated using a discount rate; if plan assets under perform compared to the discount rate, this will create or increase a deficit.

(ii) As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(b) Life Expectancy :

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The amounts recognized in the Balance Sheet are as follows :

Particulars	(Rs. in Million)			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligation at the end of year	3.89	2.70	2.70	23.06
Fair value of plan assets at the end of year	-	-	-	-
Net liability recognized in the Balance Sheet	3.89	2.70	2.70	23.06

The amounts recognized in the Balance Sheet are as follows :

Particulars	(Rs. in Million)			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligation at the end of year	25.97	22.60	19.43	17.12
Fair value of plan assets at the end of year	26.58	27.06	21.21	19.21
Net liability (asset) recognized in the Balance Sheet	(0.61)	(4.46)	(1.78)	(2.09)

The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	(Rs. in Million)			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Current Service Cost	1.15	0.96	0.96	2.77
Interest Cost	0.10	0.19	0.15	1.41
Past Service Cost	-	-	-	-
Benefits Paid	-	-	-	-
Recognized Net Actuarial (Gain)/ Loss	-0.09	(1.15)	(0.57)	3.63
Total, included in Employee Benefit Expenses	1.16	0.00	0.53	7.82

The amounts recognized in the Statement of Profit and Loss are as follows:

(Rs. in Million)

Particulars	Gratuity			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Current Service Cost	1.19	2.17	1.93	12.02
Interest Cost	0.82	(0.34)	(0.22)	(3.35)
Past Service Cost	-	-	-	-
Benefits Paid	-	-	-	-
Recognized Net Actuarial (Gain)/ Loss	-	-	-	-
Total, included in Employee Benefit Expenses	2.01	1.83	1.71	8.67

(Rs. in Million)

Particulars	Leave Encashment			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation at beginning of the year	2.70	2.70	2.17	2.31
Current Service Cost	1.15	0.96	0.96	0.28
Past Service Cost	-	-	-	-
Interest Cost	0.13	0.19	0.15	0.14
Benefits Paid	-	-	-	(0.92)
Actuarial (Gain)/ Loss	-0.09	(1.15)	(0.57)	0.36
Defined benefit obligation at the end of the year	3.89	2.70	2.70	2.17

(Rs. in Million)

Particulars	Gratuity			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation at beginning of the year	23.70	19.45	17.12	14.20
Current Service Cost	1.19	2.17	1.93	1.20
Past Service Cost	-	-	-	-
Interest Cost	0.82	1.34	1.10	0.91
Benefits Paid	-0.76	(1.21)	(1.59)	(1.09)
Other (Employee contribution,tax expenses)	-0.04	(0.06)	-	-
Actuarial (Gain)/ Loss	1.06	0.94	0.87	1.89
Defined benefit obligation at the end of the year	25.97	22.60	19.43	17.12

Particulars	Gratuity			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit plan at beginning of the year	26.90	21.21	19.21	15.45
Interest income	0.95	1.67	1.32	1.24
Employer contribution	0.03	4.32	2.29	3.70
Benefits Paid	-0.80	(1.27)	(1.59)	(1.09)
Actuarial Gain/ (Loss)	-0.49	1.14	(0.02)	(0.10)
Defined benefit plan at the end of the year	26.58	27.06	21.21	19.21

The Financial assumptions used in accounting for the Gratuity Plan & Leave Encashment are set out below:

Particulars	Leave Encashment			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Discount Rate	7.32%	7.35%	7.11%	6.77%
(ii) Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%

Particulars	Gratuity			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Discount Rate	7.32%	7.35%	7.11%	6.77%
(ii) Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
(iii) Expected Rate of Return on Plan Assets	7.32%	7.35%	7.11%	6.77%

The Demographic assumptions used in accounting for the gratuity plan & leave encashment are set out below:

Particulars	Leave Encashment			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Retirement Age	58 years	58 years	58 years	58 years
(ii) Employee Turnover :				
18-30 Years	1.00%	1.00%	1.00%	1.00%
30-45 Years	1.00%	1.00%	1.00%	1.00%
Above 45 Years	1.00%	1.00%	1.00%	1.00%

Particulars	Gratuity			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Retirement Age	58 years	58 years	58 years	58 years
(ii) Employee Turnover :				
18-30 Years	1.00%	1.00%	1.00%	1.00%
30-45 Years	1.00%	1.00%	1.00%	1.00%
Above 45 Years	1.00%	1.00%	1.00%	1.00%

Bifurcation of Present Value of Obligations at the end of the valuation period as per Schedule III of the Companies Act, 2013

Particulars	Bifurcation of Present Value of Obligations			
	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Current liabilities	0.83	0.70	2.06	1.77
(ii) Non Current liabilities	3.06	2.00	17.37	15.35

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Expected Cash flow for following years

Gratuity:	Expected Cash Flow for the Next Ten Years	(Rs. in Million)			
		December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Year 1		4.09	2.46	0.53	4.29
Year 2		1.53	1.95	0.39	2.83
Year 3		1.27	1.32	0.39	2.82
Year 4		2.32	2.22	0.32	2.87
Year 5		1.00	1.08	0.32	2.26
Year 6 to 10		10.51	9.55	1.00	8.38

The estimates of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rate is based on prevailing market yields on government securities as at balance sheet date for the estimated term of the

Note 36

Contingent Liabilities

Contingent Liabilities not provided for :

Claims against the company not acknowledge as Debt
a. Excise duty liability disputed

	December 31, 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
		-	1.66	1.66
			1.66	1.66

Note- Excise Duty Liability raised on the company by Excise Assessment Authority & appeal has been filed by the company before Nagpur High Court.

Note 37

Related party transactions

37.1 Names of related parties and description of relationship:

Relationship	Name of the related party
Subsidiary Companies	Diffusion Super-Conditioning Services Pvt. Ltd. Nowelco Industries Pvt. Ltd. Diffusion HERNON Adhesive & Sealants Pvt Ltd Diffusion Engineers Singapore Pte. Ltd.
Step-down Subsidiary	M/s Diffusion Wear Solutions Philippines Inc.
Associate of Subsidiary	M/s Mecdiff SD. BHD.
Joint Venture	LSN Diffusion Ltd
Key Management Personnel	Mr. Prashant Garg Mr. Ajay Jain Ms. Anita Vijaykar Mr Abhishek Mehta Ms Chanchal Jaiswal
Relatives of Key Managerial Personnel	Mrs. Chitra N Garg N. K. Garg HUF Mr. Nitin N Garg Mrs Neelu Garg Ajay Jain (H.U.F) Mrs Daksha Jain
Common Management	Benvira Forward Algorithms LLP

37.2 Details of related party transactions

	Quarter Ended 31 December 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Sales				
Diffusion Engineers Singapore Pte. Ltd.	14.63	39.94	34.45	38.14
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.28	1.37	1.65	2.67
Diffusion Super-Conditioning Services Pvt. Ltd.	57.13	51.65	21.59	-
M/s Diffusion Wear Solutions Philippines Inc.	40.81	54.94	13.05	14.55
M/s Mecdiff SD. BHD.	8.65	8.94	7.67	14.32
Nowelco Industries Pvt. Ltd.	2.64	4.19	2.84	1.04
-	-	-	-	-
Total Credit Notes Towards Commission	-	-	-	-
LSN Diffusion Ltd	17.48	0.57	0.43	0.06
-	-	-	-	-
Purchase	-	-	-	0.30
Benvira Forward Algorithms LLP	-	-	-	0.81
Diffusion Super-Conditioning Services Pvt. Ltd.	0.44	1.04	0.83	27.72
LSN Diffusion Ltd	17.67	35.37	27.59	1.00
Diffusion Hemon Adhesive & Sealants Pvt Ltd	-	-	-	19.36
Nowelco Industries Pvt. Ltd.	127.66	52.40	31.31	-
Diffusion Engineers Singapore Pte. Ltd.	-	22.53	-	-
-	-	-	-	-
Reimbursement	-	-	-	-
Benvira Forward Algorithms LLP	0.01	0.29	0.35	0.02
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.26	0.03	0.12	0.33
Diffusion Super-Conditioning Services Pvt. Ltd.	1.30	0.86	0.06	0.14
LSN Diffusion Ltd	0.09	0.21	-	-
M/s Diffusion Wear Solutions Philippines Inc.	-	-	-	-
Nowelco Industries Pvt. Ltd.	5.31	6.00	0.70	0.30
Mr. Prashant Garg	2.05	2.59	2.32	1.15
-	-	-	-	-
Commission	-	-	-	-
Mr. Prashant Garg	0.63	2.50	4.00	3.80
Mr. Ajay Jain	0.09	0.35	0.35	0.25
Mrs. Neelu Garg	0.88	3.50	2.00	1.20
Mrs. Renuka Garg	0.09	0.35	0.35	0.25
Ms. Anita Vijaykar	0.09	0.35	0.35	0.25
-	-	-	-	-
Debit / (Credit) due to exchange fluctuation	-	-	-	-
Diffusion Engineers Singapore Pte. Ltd.	0.18	0.75	-0.54	-0.20
LSN Diffusion Ltd	0.19	-0.28	0.26	0.38
M/s Diffusion Wear Solutions Philippines Inc.	0.15	0.49	0.26	-0.31
M/s Mecdiff SD. BHD.	0.07	0.11	-0.19	0.02
Benvira Forward Algorithms LLP	0.01	-	-	-
-	-	-	-	-
Dividend	-	-	-	-
Mr. Prashant Garg	4.37	4.37	5.83	5.10
Ajay Jain (H.U.F)	0.03	0.03	0.04	0.04
Mr. Nitin N Garg	2.95	2.95	4.23	3.70
Mrs Daksha Jain	0.00	0.00	0.00	0.00
Mrs. Chitra N Garg	2.55	2.55	3.40	2.97
Mrs. Neelu Garg	0.03	0.03	0.04	0.03
Mrs. Renuka Garg	0.23	0.23	0.30	0.26
N. K. Garg HUF	0.89	0.89	1.19	1.04
Ms. Anita Vijaykar	0.00	0.00	-	-
-	-	-	-	-
Medical Re-imbursenent	-	-	-	-
Mr. Prashant Garg	-	-	-	0.03
-	-	-	-	-
Remuneration	-	-	-	-
Mr. Prashant Garg	13.50	16.65	13.05	12.00
Mrs. Neelu Garg	4.14	1.92	1.64	1.26
-	-	-	-	-
Rent	-	-	-	-
Mrs. Chitra N Garg	2.24	2.67	2.47	2.28
N. K. Garg HUF	0.16	0.19	0.19	0.17
Mr. Prashant Garg	0.55	0.70	0.64	0.59
-	-	-	-	-
Key Managerial Personnel	-	-	-	-
Mr Abhishek Mehta	1.37	-	-	-
Ms Chanchal Jaiswal	0.41	-	-	-
-	-	-	-	-
Relatives of Key Managerial Personnel	-	-	-	-
Mrs Disha Mehta	1.10	-	-	-
-	-	-	-	-
Rent Receipt	-	-	-	-
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.15	0.20	0.20	0.19
-	-	-	-	-
Purchase of land	-	-	-	-
Mr. Prashant Garg	13.33	-	-	-
Mr. Nitin N Garg	13.33	-	-	-
Mrs. Chitra N Garg	13.33	-	-	-
373.40	324.40	185.03	157.20	

37.3 Details of outstanding to/from related parties

	Period ended 31 Dec 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Trade Payables				
Benvira Forward Algorithms LLP	-	-	0.16	-
Diffusion Super-Conditioning Services Pvt. Ltd.	-	-	0.73	0.43
LSN Diffusion Ltd	0.18	1.48	1.65	10.52
Nowelco Industries Pvt. Ltd.	-	-	-	-
Diffusion Engineers Singapore Pte. Ltd.	-	0.73	-	-
-	-	-	-	-
Trade receivables	-	-	-	-
Diffusion Engineers Singapore Pte. Ltd.	7.55	19.26	6.41	19.41
Diffusion Hemon Adhesive & Sealants Pvt Ltd	0.29	1.56	2.52	2.60
Diffusion Super-Conditioning Services Pvt. Ltd.	23.37	11.15	21.65	-
M/s Diffusion Wear Solutions Philippines Inc.	10.67	39.00	4.85	4.39
M/s Mecdiff SD. BHD.	4.74	1.51	0.23	9.28
Nowelco Industries Pvt. Ltd.	9.28	7.77	6.02	5.42
-	-	-	-	-
Total Debit Notes towards expenses	-	-	-	-
Nowelco Industries Pvt. Ltd.	2.79	8.50	4.26	7.91
Diffusion MGM Machines Pvt Ltd.	-	-	-	-
-	-	-	-	-
Reimbursement Payable	-	-	-	-
Mr. Prashant Garg	-	0.16	-	-
-	-	-	-	-
Rent Deposit	-	-	-	-
Diffusion Hemon Adhesive & Sealants Pvt Ltd	-	0.04	0.04	0.04
-	-	-	-	-

Annexure-5a Investments -Non-current investments
(All amounts in rupees Million, unless otherwise stated)

Name of Script	As at December 31, 2023				As at March 31, 2023				As at March 31, 2022				As at March 31, 2021			
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Syndicate Bank	1,700	0.02	0.51	0.50	1,700	0.02	0.04	0.02	1,700	0.02	0.06	0.04	1,700	0.02	0.04	0.02
Total	1,700	0.02	0.51	0.50	1,700	0.02	0.04	0.02	1,700	0.02	0.06	0.04	1,700	0.02	0.04	0.02

Name of Mutual Fund Scheme	As at December 31, 2023				As at March 31, 2023				As at March 31, 2022				As at March 31, 2021			
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Dsp Blackrock India Tiger Fund	-	-	-	-	-	-	-	-	34,449	2.97	4.92	1.95	34,449	2.97	3.82	0.85
Franklin India Prima Fund	-	-	-	-	-	-	-	-	794	0.70	1.13	0.43	794	0.70	0.99	0.29
Franklin India Flexi Cap Fund	-	-	-	-	-	-	-	-	-	-	-	-	8,517	0.54	0.84	0.30
Hdfc Equity Fund	-	-	-	-	-	-	-	-	1,288	0.75	1.30	0.55	1,288	0.75	1.03	0.28
Hdfc Balanced Advantage- G	-	-	-	-	6,975	1.30	2.25	0.95	6,975	1.30	1.99	0.69	6,975	1.30	1.64	0.35
Icici Prudential Discovery Fund	35,706	4.67	13.04	8	35,706	4.67	9.77	5.10	35,706	4.67	9.05	4.38	35,706	4.67	6.88	2.21
Icici Prudential Infrastructure Fund- G	33,487	1.39	4.87	3	33,487	1.39	3.38	1.99	33,487	1.39	2.77	1.38	33,487	1.39	2.05	0.65
Absl Front Line Equity Fund	-	-	-	-	-	-	-	-	1,684	0.35	0.57	0.22	1,684	0.35	0.47	0.12
Reliance Money Manager Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Icici Pru -Dynamic Plan	-	-	-	-	12,271	3.11	5.88	2.77	12,271	3.11	5.33	2.22	18,096	4.30	5.99	1.69
Idfc -Premier Equity Fund	-	-	-	-	-	-	-	-	17,189	1.54	2.31	0.77	17,189	1.54	1.93	0.39
Frankline- India Bluechip Fund	-	-	-	-	-	-	-	-	1,499	0.65	1.02	0.37	1,499	0.65	0.89	0.24
Franklin India Short Term Income Plan	13	1.25	1.80	1	476.41	2.34	2.81	0.48	7,263	3.11	3.75	0.63	22,263	23.97	28.71	4.75
Idfc -Classic Equity	-	-	-	-	-	-	-	-	63,290	2.75	4.33	1.58	63,290	2.75	3.59	0.84
HSBC Infrastructure-G	39,225	1.05	1.48	0	24,821	0.60	0.64	0.04	2,50,331	3.95	5.90	1.95	2,22,713	3.35	4.05	0.70
Icici Pru - Credit Risk Fund Reg (G)	-	-	-	-	-	-	-	-	140	0.06	0.06	0.00	-	-	-	-
Axis Bluechip Fund - Regular Plan- Growth	-	-	-	-	-	-	-	-	1,09,185	4.00	4.89	0.89	96,745	3.20	3.75	0.55
Parag Parikh Long Term Equity Fund-Regular Plan- C	2,88,301	17.55	20.25	3	3,14,767	13.30	15.58	2.28	1,95,309	7.60	9.66	2.06	1,09,101	3.60	4.15	0.55
Kotak Emerging Equity Fund Growth	33,572	2.58	3.37	1	1,27,811	9.00	9.49	0.49	63,031	4.20	4.50	0.30	11,858	0.36	0.68	0.32
Axis Focused 25-G Fund	-	-	-	-	61,905	2.75	2.26	-0.49	50,299	2.25	2.17	-0.08	-	-	-	-
Kotak Flexicap Fund-Growth	-	-	-	-	-	-	-	-	1,46,183	5.90	7.60	1.70	1,55,575	5.64	6.99	1.35
Invesco India Contra-G Fund	30,534	2.40	3.14	1	87,621	6.60	6.68	0.08	40,185	3.00	3.03	0.03	-	-	-	-
Aventus Absolute Return Fund	-	-	-	-	-	-	-	-	1	20.18	21.24	1.06	-	-	-	-
Hdfc Index Fund Nifty 50 Plan Regular Plan Growth	15,561	2.30	3.16	1	15,561	2.30	2.51	0.21	-	-	-	-	-	-	-	-
Kotak Equity opportunities Reg-G	-	-	-	-	28,846	5.78	5.86	0.08	-	-	-	-	-	-	-	-
Sbi Focused Equity Fund	14,818	3.46	4.17	1	13,932	3.15	3.03	-0.12	-	-	-	-	-	-	-	-
Akara Capital Advisors P L Outward A/C	15	3.75	3.74	-0	15	15.00	15.01	0.01	-	-	-	-	-	-	-	-
Mas Financial Services Limited Mid 29-01-2024	10	10.29	11.24	1	10	10.29	10.49	0.21	-	-	-	-	-	-	-	-
Edelweiss Infrastructure Yield Plus li	350	3.50	-	-4	50	0.50	0.50	-	-	-	-	-	-	-	-	-
Aventus Structured Credit Fund II	1	3.03	3.03	-0	1	3.57	3.57	-	-	-	-	-	-	-	-	-
Hdfc Liquid Fund	1,108	4.63	5.11	0	1,108	4.63	4.86	0.23	-	-	-	-	-	-	-	-
Mirae Asset India Equity Fund- (G)[Aventus Wealth]	31,189	25.00	2.96	-22	1,44,012	10.15	11.04	0.89	1,05,036	7.15	8.13	0.98	1,02,565	5.48	6.72	1.24
Icici Prudential Savings Fund- Regular- Growth	140	0.06	0.07	0	-	-	-	-	1	37.50	38.63	1.13	-	-	-	-
Axis Focused 25 Direct-G	29,521	1.25	1.55	0	34,957	2.60	2.78	0.18	17,566	0.96	1.25	0.29	24,741	0.96	1.31	0.35
Icici Prudential Savings Fund	-	-	-	-	140	0.06	0.07	0.00	-	-	-	-	9,801	1.26	1.72	0.46
ICICI Pru Infrastructure Direct-G	11,406	1.25	1.78	1	-	-	-	-	-	-	-	-	-	-	-	-
Kotak Emerging Equity Direct-G	13,470	1.35	1.54	0	-	-	-	-	-	-	-	-	-	-	-	-
Kotak Equity Opportunities Direct-G	51,216	13.80	15.54	2	-	-	-	-	-	-	-	-	-	-	-	-
Parag Parikh Flexi Cap Reg-G	2,06,251	10.20	13.44	3	-	-	-	-	-	-	-	-	-	-	-	-
Quant Flexi Cap Direct-G	36,825	2.50	3.34	1	-	-	-	-	-	-	-	-	-	-	-	-
Nexus Select Trust REIT	49,363	5.06	6.71	2	-	-	-	-	-	-	-	-	-	-	-	-
Kotak Liquid Direct-G	4	0.02	0.02	0	-	-	-	-	-	-	-	-	-	-	-	-
Parag Parikh Liquid Direct-G	6	0.01	0.01	0	-	-	-	-	-	-	-	-	-	-	-	-
Quant Overnight Direct-G	833	0.01	0.01	0	-	-	-	-	-	-	-	-	-	-	-	-
HDFC Index Nifty 50 Direct	26,874	5.00	5.57	1	-	-	-	-	-	-	-	-	-	-	-	-
JM FLEXICAP FUND DIR- GROWTH	2,31,469	17.70	20.13	2	-	-	-	-	-	-	-	-	-	-	-	-
Quant Quantamental Direct-G	6,11,859	10.70	12.43	2	-	-	-	-	-	-	-	-	-	-	-	-
SBI CONTRA FUND DIR GROWTH	37,586	11.30	12.80	2	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	18,30,713	167.05	176.31	9.26	9,44,473	103.09	118.48	15.39	11,93,163	120.04	145.54	25.50	9,78,339	69.72	88.20	18.47

DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended December 31, 2023

1 Corporate Information:

Diffusion Engineers Limited is an ISO 14001 & 18001 company engaged in the manufacturing of eletrodes, flux cored wire, manufacturing of Durum products, Diffcor products, service welding and wear plates. Company is also engaged in trading of LSN Powder, Kjellgerg machines and CNC cutting machines. Company is expanding its business in overseas by exporting of manufacturing goods to Asian and other south African countries.

2 Basis of preparation of financial statements and significant accounting policies:

2.1 Purpose and Basis of Preparation

As the company intends to raise the funds from Security Market, these financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act for the purpose of preparation of Red Herring prospectus.

2.2 Basis of Measurement

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below.

2.3 Use of judgments, estimates and assumptions

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures. Actual results may differ from these

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.4 Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended December 31, 2023

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013 except in the cases mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Depreciation is also not recorded for Land.

2.5 Intangible assets

Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation is not recorded on intangible assets under development until development is complete and the asset is ready for its intended use.

The intangible asset are amortised over the estimated useful lives as given below: -

Computer Software : 3 years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.6 Inventories

Raw materials and traded goods are valued at lower of cost or net realizable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition. However, raw materials are written down below cost only when the finished product to which they belong are written down below cost and the replacement cost of that raw material is lower than cost. Cost of raw materials and traded goods are determined on "Weighted Average" / "FIFO" basis.

Work-in-process and Finished goods are valued at lower of cost or net realizable value. The cost includes direct materials, labour, other direct costs and related production overheads based on normal operating capacity. Cost is determined on "Weighted Average" / "FIFO" basis.

2.7 Foreign currencies transactions

Transactions and balances

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.8 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised in the year in which they are incurred.

DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended December 31, 2023

2.9 Current and Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

All assets and liabilities are classified into current and non-current.

An asset is treated as current when it is:

It is expected to be realised in or is intended for sale or consumption in the Company's normal operating cycle;

Held primarily for the purpose of trading;

It is expected to be realised within 12 months after the reporting date; or

It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the Company's normal operating cycle;

It is held primarily for the purpose of being traded;

It is due to be settled within 12 months after the reporting date; or

The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.10 Investment

Current investments are carried at lower of cost and fair value. Non-current investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

Investments in subsidiaries and associates

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

2.11 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended December 31, 2023

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.12 Lease

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

2.13 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expenses are recognised in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income (OCI).

Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous year. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets/liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets (if any) are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets/liabilities are reviewed at each balance sheet date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

2.14 Provisions

A Provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended December 31, 2023

2.15 Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.16 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, investments in securities and other eligible current and non-current assets.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

Financial assets at amortised cost: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial assets at fair value through other comprehensive income: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the Effective Interest Rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

Financial assets at fair value through profit or loss: At the date of initial recognition, financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in Equity shares of subsidiaries and associates are valued at cost.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

The company assesses impairment based on the expected credit losses (ECL) model to all its financial assets measured at amortised cost.

(b) Financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. After initial recognition, financial liabilities are classified under one of the following two categories:

Financial liabilities at amortised cost: After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the profit or loss.

Financial liabilities at fair value through profit or loss: which are designated as such on initial recognition, or which are held for trading. Fair value gains / losses attributable to changes in own credit risk is recognised in OCI. These gains / losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

DIFFUSION ENGINEERS LTD

Notes forming part of the Standalone financial statements for the period ended December 31, 2023

2.17 Revenue Recognition

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods & service tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts if any.

Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Receipts from insurance claims are accounted after the same is approved by the insurance company.

2.18 Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

The Company has not presented standalone segment information as permitted by Ind AS 108 – Operating Segments, as segment information of the Group is included in consolidated financial statements.

2.2 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.21 Statement of Cash Flows

Statement of Cash flows is reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.22 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

2.23 Share holder of diffusion engineers Ltd has approved bonus of 1:6 in the EGM dated 18th Nov 2023 and allotment made vide Board Meeting dated 29th Nov 2023

Total No of shares	3.73
issue	0.26
current share	4.00
Bonus 1:6	24.01
Total Shares After Bonus Issue	28.02

Note 38

Financial Instruments by Category

A. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Company

Financial Instruments by category	Carrying Value			
	Period ended 31 December 2023	Year ended31 March 2023	Year ended31 March 2022	Year ended31 March 2021
Financial Assets at Amortised Cost				
Cash and Bank Balances	16.54	18.67	24.94	40.33
Investments	167.07	196.93	213.88	163.56
Other Financial Assets	69.72	95.66	66.54	52.77
Trade Receivables	675.35	730.17	477.98	410.61
Loans and advances	95.00	42.66	26.48	33.65
Total	1,023.69	1,084.09	809.82	700.91
Financial Liabilities at Amortised Cost				
Trade Payables	216.61	247.50	277.34	182.80
Borrowings	224.48	475.98	241.05	192.34
Other Financial Liabilities	63.96	14.23	16.62	11.34
Total	505.05	737.71	535.00	386.48

Financial Instruments by category	Fair Value			
	Period ended 31 December 2023	Year ended31 March 2023	Year ended31 March 2022	Year ended31 March 2021
Financial Assets at Amortised Cost				
Cash and Bank Balances	16.54	18.67	24.94	40.33
Investments	270.15	212.34	239.42	182.01
Other Financial Assets	69.72	95.66	66.54	52.77
Trade Receivables	675.35	730.17	477.98	410.61
Loans and advances	95.00	42.66	26.48	33.65
Total	1,126.77	1,099.50	835.36	719.36
Financial Liabilities at Amortised Cost				
Trade Payables	216.61	247.50	277.34	182.80
Borrowings	224.48	475.98	241.05	192.34
Other Financial Liabilities	63.96	14.23	16.62	11.34
Total	505.05	737.71	535.00	386.48

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, loans, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term nature of these instruments.

Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:

Particulars	Carrying Amount	Period ended 31 December 2023		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	16.54	-	-	16.54
Investments	167.07	-	-	167.07
Other Financial Assets	69.72	-	-	69.72
Trade Receivables	675.35	-	-	675.35
Financial Liabilities at Amortised Cost				
Trade Payables	216.61	-	-	216.61
Borrowings	224.48	-	-	224.48
Other Financial Liabilities	63.96	-	-	63.96

(Rs. in Million)

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:

(Rs. in Million)

Particulars	Carrying Amount	Year ended 31 March 2023		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	18.67	-	-	18.67
Investments	196.93	-	-	196.93
Other Financial Assets	95.66	-	-	95.66
Trade Receivables	730.17	-	-	730.17
Financial Liabilities at Amortised Cost				
Trade Payables	247.50	-	-	247.50
Borrowings	475.98	-	-	475.98
Other Financial Liabilities	14.23	-	-	14.23

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:

(Rs. in Million)

Particulars	Carrying Amount	Year ended March 31, 2022		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	24.94	-	-	24.94
Investments	239.42	14.56	-	93.82
Other Financial Assets	66.54	-	-	66.54
Trade Receivables	477.98	-	-	477.98
Loans and advances	26.48	-	-	26.48
Financial Liabilities at Amortised Cost				
Trade Payables	277.34	-	-	277.34
Borrowings	241.05	-	-	241.05
Other Financial Liabilities	16.62	-	-	16.62

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:

(Rs. in Million)

Particulars	Carrying Amount	Year ended 31 March 2021		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	40.33	-	-	40.33
Investments	182.01	8.82	-	173.19
Other Financial Assets	52.77	-	-	52.77
Trade Receivables	410.61	-	-	410.61
Loans and advances	33.65	-	-	33.65
Financial Liabilities at Amortised Cost				
Trade Payables	182.80	-	-	182.80
Borrowings	192.34	-	-	192.34
Other Financial Liabilities	11.34	-	-	11.34

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the standalone financial statements for the Period ended December 31, 2023

39 Financial Instruments (Contd.)**B. Financial Risk Management**

Diffusion engineers limited is exposed primarily to market risk (fluctuation in foreign currency exchange rates & interest rate), credit, liquidity which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment & seeks to mitigate potential adverse effects on the financial performance of the Company.

1. Capital Management :

The company's capital management objectives are:

- (i) The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.
- (ii) The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.
- (iii) The Company uses debt equity ratio as a capital management index and calculates the ratio as the net debt divided by total equity. Net debts and total equity are based on the amounts stated in the financial statements.
- (iv) Debt Equity Ratio is as follows:

(Rs. in Million)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Debt (A)	224.48	475.98	241.05	192.34
Equity (B)	1,715.99	1,366.62	1,209.53	1,067.58
Debt Equity Ratio (A/B)	0.13	0.35	0.20	0.18

2. Credit Risk :

- (i) Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.
- (ii) Financial instruments that are subject to concentration of credit risk principally consists of trade receivables, investments, derivative financial instruments and other financial assets. None of the financial instruments of the Company results in material concentration of credit risk.

3. Liquidity Risk :

Liquidity Risk Management : Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of Borrowings :

The following table details the Company's expected maturity for borrowings :

Exposure to Risk	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Interest bearing borrowings:				
On Demand	224.48	446.38	191.25	111.69
Less than 180 Days	-	10.13	10.90	12.94
181-365 Days		2.78	10.90	12.50
More than 365 Days		16.69	27.99	55.20

4. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk :

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in AED, US Dollar, Australian Dollar, Great Britain Pound, Euro, JPY against the respective functional currencies of the Company. The Company, as per its risk management policy, evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks & uses derivative instruments primarily to hedge foreign exchange (if required).

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the standalone financial statements for the Period ended December 31, 2023

Foreign Currency Exposures :

Particulars	Currency type	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I. Trade receivables/Advance	USD	0.71	1.54	0.80	1.16
	EURO	0.04	0.07	0.07	0.02
	SGD		0.03	0.01	-
	AED		-	0.00	-
	AUD		0.01	-	-
Total		0.75	1.65	0.88	1.18
II. Borrowing balances :	USD	-	0.27	0.34	-
Total			0.27	0.34	-
III. Trade payables :	USD	0.42	0.11	0.23	0.34
	EUR	0.07	0.22	0.06	0.02
	AUD		-	-	-
Total		0.49	0.33	0.29	0.36

Foreign Currency Sensitivity :

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before tax
As at Dec 31, 2023	USD	+100%	0.71
	USD	-100%	(0.71)
	EUR	+100%	0.04
	EUR	-100%	(0.04)
	SGD	+100%	-
	SGD	-100%	-
	AED	+100%	-
	AED	-100%	-
	AUD	+100%	-
	AUD	-100%	-
March 31, 2023 Based on YOY change between F22 & F23	USD	+100%	1.16
	USD	-100%	(1.16)
	EUR	+100%	(0.15)
	EUR	-100%	0.15
	SGD	+100%	0.03
	SGD	-100%	(0.03)
	AED	+100%	-
	AED	-100%	-
	AUD	+100%	0.01
	AUD	-100%	(0.01)

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

Notes to the standalone financial statements for the Period ended December 31, 2023

b) Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Floating Interest rate exposure :	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured Loans :				
Loans repayable taken from Banks:	224.48	446.38	191.25	111.69
Total	224.48	446.38	191.25	111.69

Interest Rate Sensitivity :

The sensitivity analyses below have been determined based on exposure to interest rate. For variable rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on variable rate borrowings, as follows:

Particulars	Increase / Decrease in	Effect on Profit Before
As at Dec 31, 2023	+100	(2.24)
	-100	2.24
As at March 31, 2023	+100	(4.46)
As at March 31, 2022	-100	4.46
	+100	(1.91)
As at March 31, 2021	-100	1.91
	+100	(1.12)
	-100	1.12

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 40**Segment reporting**

The Company has not presented standalone segment information as permitted by Ind AS 108 – Operating Segments, as segment information of the Group is included in consolidated financial

Note 41**Ratio Analysis**

Sr No.	Ratio Analysis	Numerator	Denominator	31-12-2023 (Not Annualized)	31-Mar-23	31-Mar-22	31-Mar-21	% Variance
1	Current Ratio	Current Assets	Current Liabilities	2.37	1.64	1.67	1.93	-1.81%
2	Debt Equity Ratio	Total Liabilities	Shareholder's Equity	0.13	0.35	0.20	0.18	74.76%
3	Debt Service Coverage Ratio	Earnings available for	Debt Service	22.57	8.92	8.15	5.63	9.50%
4	Return on Equity Ratio	Profit After Tax	Avg. Shareholders Equity	0.10	0.13	0.14	0.13	-5.66%
5	Inventory Turnover Ratio	Net Sales	Average Inventory	3.91	5.50	5.72	4.27	-3.93%
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Trade Receivables	2.67	4.04	4.41	3.95	-8.30%
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payables	4.05	5.33	5.08	6.67	5.01%
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	2.94	5.35	5.11	5.35	4.66%
9	Net Profit Ratio	Profit After Tax	Net Sales	8.48%	6.89%	8.05%	8.41%	-14.40%
10	Return on Capital employed	EBIT	Capital Employed	11.90%	13.44%	15.14%	15.49%	-11.23%
11	Return on Investment	Profit After Tax	Total Equity	9.29%	12.31%	13.03%	12.00%	-5.54%

Note- Variance is calculated between Mar'23 and Mar'22 Figures and reasons given thereon. Dec'23 Figures are not annualized hence variance is not calculated for Dec'23

Explanation :**Total Debt** represents Current Borrowings + Non Current Borrowings.**Shareholders Equity** represents Equity Share Capital + Other equity**Earnings available for debt service** represents Profit Before Tax + Depreciation and Amortizations + Interest on Debt + Loss on Sale of Fixed Assets.**Debt Service** represents Interest on Debt + Scheduled Principal Repayment of Non Current Borrowings**Net Sales** represents Domestic Sales + Export Sales + Scrap Sales**Capital Employed** represents Total Equity + Borrowings

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note-42

Proposed Dividend

Board of Directors proposes 30% Final Dividend on Equity shares subject to approval in AGM.

Note-43

Other Amendments with respect to Schedule III

The Company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

The company is not declared as wilful defaulter by any bank or financial Institution or other lender

The Company does not have any transactions with Companies struck off.

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

The Company has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note-44

Previous year's figures have been regrouped / rearranged wherever necessary, to conform to the current year's classification / disclosure.

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

Premal Hemant Gandhi
Digitally signed by Premal Hemant Gandhi
Date: 2024.03.30 22:03:39 +05'30'

PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Mumbai

UDIN 24111592BKBKIKK2422

Date :30/3/2024

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

Prashant Garg
Digitally signed by Prashant Garg
DN: cn=Prashant Garg, o=Diffusion Engineers Limited, email=prashant.garg@diffusionengineers.com, c=IN, postalCode=400022, st=Maharashtra, serialNumber=aa839f00a26afab29f10656, sha256Digest=89906d6c2287532546987, Date: 2024.03.30 18:02:14 +05'30'

PRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date :30/3/2024

ABHISHEK MEHTA
Digitally signed by ABHISHEK MEHTA
DN: cn=ABHISHEK MEHTA, o=Diffusion Engineers Limited, email=abhishhek.mehta@diffusionengineers.com, c=IN, postalCode=400022, st=Maharashtra, serialNumber=aa839f00a26afab29f10656, sha256Digest=89906d6c2287532546987, Date: 2024.03.30 17:54:53 +05'30'

ABHISHEK MEHTA

Chief Financial Office

Place : Nagpur

Date :30/3/2024

AJAY MOTILAL JAIN
Digitally signed by AJAY MOTILAL JAIN
Date: 2024.03.30 18:57:59 +05'30'

AJAY JAIN

Director

DIN :- 02815416

Place : Mumbai

Date :30/3/2024

CHANCHAL RAJESH JAISWAL
Digitally signed by CHANCHAL RAJESH JAISWAL
DN: cn=CHANCHAL RAJESH JAISWAL, o=Diffusion Engineers Limited, email=chanchal.jaiswal@diffusionengineers.com, c=IN, postalCode=400022, st=Maharashtra, serialNumber=aa839f00a26afab29f10656, sha256Digest=89906d6c2287532546987, Date: 2024.03.30 18:12:15 +05'30'

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date :30/3/2024