

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the 11th Annual Report together with the audited financial statement for the financial year ended 31st March, 2023.

1. Financial Highlights

During the year under review, performance of your company as under:

| Particulars | (In Lakhs) | |
|--|--|--|
| | Year ended 31 st March, 2023 | Year ended 31 st March, 2022 |
| Turnover | 20.17 | 19.01 |
| Profit/(Loss) before taxation | 2.71 | 4.44 |
| Less: Tax Expense | 0.74 | 1.16 |
| Profit/(Loss) after tax | 1.96 | 3.28 |
| Add: Balance B/F from the previous year | 9.61 | 6.34 |
| Balance Profit / (Loss) C/F to the next year | 11.6 | 9.61 |

2. REVIEW OF BUSINESS OPERATIONS

The Financial Year 2022 – 2023 of the company has ended with the profit of Rs.1.96 Lakhs as against profit of Rs.3.28 Lakhs in the financial year 2021 – 2022.

3. DIVIDEND

Your director's has not recommended any dividend on equity shares for the year under review.

4. AMOUNTS TRANSFERRED TO RESERVES

The Board of the Company does not wish to transfer any amount to general reserves.

5. NUMBER OF BOARD MEETINGS & ATTENDANCE

Four (4) meetings were held during the Financial Year 2022 – 2023, dates and attendance details:-

| Sr. No. | Date of meeting | Total No. of Directors Present | No. of Directors attended | % of Attendance |
|---------|-----------------|--------------------------------|---------------------------|-----------------|
| 1. | 24/06/2022 | 3 | 3 | 100 |
| 2 | 15/09/2022 | 3 | 3 | 100 |
| 3 | 21/12/2022 | 3 | 3 | 100 |
| 4 | 19/03/2023 | 3 | 3 | 100 |

6. CORPORATE GOVERNANCE

The company has been following best Corporate Governance practices, the management strives to protect the interest of all stakeholders in most transparent and fair manner.

DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.

Regd. Office: T-5 & 6, M.I.D.C., Hingna Industrial Area, Nagpur 440 016, Maharashtra, INDIA.

[t] +91-7104-232084, 234727 [f] +91-7104-232085

Works : T-12, M.I.D.C., Hingna Industrial Area, Nagpur 440016, Maharashtra, INDIA., [t/f] +91-7104-232984

[e] hernon@diffusionengineers.com, [w] www.diffusionengineers.com

CIN No. : U24297MH2012PTC234063

7. **WEB LINK OF ANNUAL RETURN, IF ANY.**

The Company does not have any website.

8. **HOLDING / SUBSIDIARY COMPANY**

The Company is a subsidiary company of Diffusion Engineers Limited (CIN-U99999MH2000PLC124154)

9. **PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186**

There were no transaction related to loans, guarantees and investments under Section 186 of Companies Act, 2013

10. **RELATED PARTY TRANSACTION**

All related party transactions entered into during FY 2022 – 2023 were on an arm's length basis and in the ordinary course of business.

11. **AUDITORS**

At the AGM held on 14th September 2019, M/s. P. N. Gupta, Chartered Accountants (Membership No. 44161) were appointed as Statutory Auditors of the Company for a period of five consecutive years. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

12. **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

Company has formed the committee in compliance with the guidelines, there are no cases reported during the year under review.

13. **DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134 (5) of the Companies Act 2013, your directors confirm that:

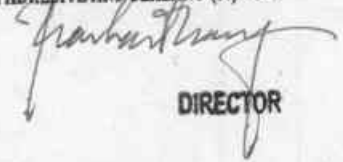
- a) in the preparation of the annual accounts for the financial year ended 31st March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. ACKNOWLEDGMENT

Your Directors place on record their gratitude to government authorities, Bankers and all stakeholders for the assistance, co - operation and encouragement they extended to the Company. Your directors also wish to place on records their sincere thanks and appreciation to Employees at all levels for continuing support and unstinting efforts in ensuring an excellent all around operational performance.

**For and on behalf of the Board of Directors of
Diffusion HERNON Adhesive & Sealants Private Limited**

DIFFUSION HERNON ADHESIVE AND SEALANT (P.) LTD.



DIRECTOR

**Place : Nagpur
Date : 28/06/2023**

**Prashant Garg
(DIN - 00049106)
(Director)
3, Pawanbhoomi,
Somalwada, Wardha
Road, Nagpur - 440 025**



P. N. GUPTA
CHARTERED ACCOUNTANT

OFFICE
GS-7, Priyanka Palace,
Congress Nagar,
Nagpur-440 012.
Tel. : 2453465 / 8788663582,
capngupta@gmail.com

RESIDENCE
Flat No. 201,
Bhupendra Palace,
Dhantoli, Nagpur-440 012
Tel.: 9823370209

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Diffusion Herson Adhesive & Sealants Pvt Ltd.

We have audited the accompanying financial statements of Diffusion **Herson Adhesive & Sealants Pvt Ltd.**, which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers





P. N. GUPTA
CHARTERED ACCOUNTANT

OFFICE
GS-7, Priyanka Palace,
Congress Nagar,
Nagpur-440 012.
Tel. : 2453465 / 8788663582,
capngupta@gmail.com

RESIDENCE
Flat No. 201,
Bhupendra Palace,
Dhantoli, Nagpur-440 012
Tel.: 9823370209

internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, with read with the Companies (Indian Accounting Standards) Rules, 2015 as amended
- e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.





P. N. GUPTA
CHARTERED ACCOUNTANT

OFFICE
GS-7, Priyanka Palace,
Congress Nagar,
Nagpur-440 012.
Tel. : 2453465 / 8788663582,
capngupta@gmail.com

RESIDENCE
Flat No. 201,
Bhupendra Palace,
Dhantoli, Nagpur-440 012
Tel.: 9823370209

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind As financial statements - Refer disclosure note B to the financial statements.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For CA P. N. Gupta

Chartered Accountant



Place: Nagpur

P. N. Gupta

(Proprietor)

Date : 28/06/2023

Unique Document Identification Number (UDIN) for this document
is **23044161BGSEYV6667**

DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD. (All Amounts in Rs. lakhs,
BALANCE SHEET AS AT 31ST MARCH, 2023 unless otherwise stated)

| Particulars | Note No. | As at | |
|--|----------|---------------------|---------------------|
| | | 31.03.2023 | 31.03.2022 |
| | | In Rs. lacs | |
| I. EQUITY AND LIABILITIES | | | |
| 1) Shareholder's Funds | | | |
| a) Share Capital | 2 | 10.00 | 10.00 |
| b) Reserve & Surplus | 3 | 11.58 | 9.61 |
| c) Money Received against Share Warrants | | - | - |
| | | <u>21.58</u> | <u>19.61</u> |
| 2) Share Application Money Pending Allotment | | | |
| 3) Non Current Liabilities | | | |
| a) Long Term Borrowings | | - | - |
| b) Deferred Tax Liabilities (Net) | 4 | 0.30 | 0.29 |
| c) Other Long Term Liabilities | | - | - |
| d) Long Term Provisions | | - | - |
| | | <u>0.30</u> | <u>0.29</u> |
| 4) Current Liabilities | | | |
| a) Short Term Borrowings | | - | - |
| b) Trade Payables | 5 | 14.87 | 24.85 |
| c) Other Current Liabilities | 6 | 2.07 | 2.10 |
| d) Short Term Provisions | 7 | 0.83 | 0.22 |
| | | <u>17.77</u> | <u>27.17</u> |
| Total | | <u><u>39.64</u></u> | <u><u>47.07</u></u> |
| II. ASSETS | | | |
| 1) Non Current Assets | | | |
| (1) a) Property, Plant and Equipment and Intangible Assets | | | |
| i) Property Plant and Equipment | 8 | 1.48 | 1.67 |
| ii) Intangible Assets | | - | - |
| iii) Capital Work in Progress | | - | - |
| iv) Intangible Assets under Development | | - | - |
| | | <u>1.48</u> | <u>1.67</u> |
| b) Non Current Investments | | - | - |
| c) Deferred Tax Assets (Net) | | - | - |
| d) Long Term Loans & Advances | | - | - |
| e) Other Non Current Assets | | - | - |
| 2) Current Assets | | | |
| a) Current Investments | | - | - |
| b) Inventories | 9 | 27.21 | 32.48 |
| c) Trade Receivables | 10 | 4.01 | 4.26 |
| d) Cash and Cash Equivalents | 11 | 5.65 | 4.58 |
| e) Short Term Loans and Advances | 12 | 0.88 | 3.25 |
| f) Other Current Assets | 13 | 0.42 | 0.83 |
| | | <u>38.16</u> | <u>45.40</u> |
| Total | | <u><u>39.64</u></u> | <u><u>47.07</u></u> |
| Significant Accounting Policies | 1 | - | - |
| Other Notes on Accounts | 20 | 0.00 | - |

For and on behalf of Board of Directors

Prashant Garg
PRASHANT GARG
DIRECTOR

Place: Nagpur
Date: 28/06/2023

Neelu P. Garg
NEELU P. GARG
DIRECTOR

As per our Report of even date attached.

For P. N. GUPTA
CHARTERED ACCOUNTANTS

P. N. Gupta
P. N. GUPTA
PROPRIETOR

M. No. 44161



DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

| Particulars | Note No. | Year ended | Year ended |
|---|----------|--------------|--------------|
| | | 31.03.2023 | 31.03.2022 |
| | | In Rs. lacs. | In Rs. lacs. |
| 1 Revenue from Operations | 15 | 20.17 | 19.01 |
| 2 Other Income | 16 | 0.28 | 0.10 |
| 3 Total Income (1+2) | | 20.45 | 19.11 |
| 4 Expenses | | | |
| Cost of Material Consumed | 17 | 15.18 | 12.14 |
| Purchase of Stock in Trade | | - | - |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | | - | - |
| Employee Benefits Expense | | - | - |
| Finance Costs | | - | - |
| Depreciation and Amortization Es | 9 | 0.19 | 0.19 |
| Other Expenses | 18 | 2.36 | 2.34 |
| Total Expenses | | 17.74 | 14.67 |
| 5 Profit before tax (III- IV) | | 2.71 | 4.44 |
| 6 Tax expense: | | | |
| (1) Current tax | | 0.74 | 1.16 |
| (2) Deferred tax | | 0.00 | 0.00 |
| | | 0.75 | 1.16 |
| 7 Profit/(Loss) for the year (5 - 6) | | 1.96 | 3.28 |
| 8 Earnings Per Share (Rs.) | | | |
| a) Basic | 19 | 0.00 | 0.00 |
| b) Diluted | | 0.00 | 0.00 |
| Significant Accounting Policies | 1 | | |
| Other Notes On Accounts | 20 | | |


For and on behalf of Board of Directors

As per our Report of even date attached.


PRASHANT GARG
 DIRECTOR


NEELU P. GARG
 DIRECTOR

For P. N. GUPTA
 CHARTERED ACCOUNTANTS


P. N. GUPTA
 PROPRIETOR
 M. No. 44161

Place: Nagpur
 Date: 28/06/2023



DIFFUSION HERNON ADHESIVED & SEALANTS PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

(i) Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historic cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 2013 (to the extent notified) and Companies Act, 1956 (to the extent applicable).

(ii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

(iii) Revenue Recognition :

Revenue is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are recorded at invoice value, net of Goods and Service Tax (GST), returns and trade discounts. Revenue is recognized on accrual basis except in case of significant uncertainties. Export incentives are recognized on accrual basis in the year of export. The Job work revenue are recorded net of service tax on accrual basis.

(iv) Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.

b) Depreciation on tangible fixed assets is provided on Straight Line Method over the Life specified in the Schedule II to the Companies Act, 2013.

(v) Inventories

Raw materials, Consumables, Stores and Spare parts are valued at lower of cost and net realizable value. The cost is computed on FIFO basis.



DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 2

SHARE CAPITAL

Fig in Lakh

| PARTICULARS | As at | |
|---|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| The number and amount of shares authorised | | |
| 5,00,000 (5,00,000) Equity Shares of Rs.10/- each. | 50,00,000 | 50,00,000 |
| | 50,00,000 | 50,00,000 |
| The number of shares issued, subscribed and fully paid | | |
| 1,00,000 (10,000) Equity Shares of Rs.10/- each, fully paid up. | 10 | 10 |
| TOTAL | 10 | 10 |

2.01 Reconciliation of the number of Equity Shares outstanding at beginning and at the end of the reporting period

| PARTICULARS | As at 31.03.2023 | | As at 31.03.2022 | |
|---|------------------|-----------|------------------|-----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| | In Rs. | | In Rs. | |
| Shares outstanding at the beginning of the year | 1,00,000 | 10,00,000 | 1,00,000 | 10,00,000 |
| Add: Equity Shares issued during the year on | - | - | - | - |
| Shares outstanding at the end of the year | 1,00,000 | 10,00,000 | 1,00,000 | 10,00,000 |

2.02 Details of Shareholders holding more than 5% shares

| Name of Shareholder | As at 31.03.2023 | | As at 31.03.2022 | |
|---------------------------|-------------------|-----------------------|-------------------|-----------------------|
| | No of Shares held | Percentage to Capital | No of Shares held | Percentage to Capital |
| i Diffusion Engineers Ltd | 95000 | 95.00% | 95000 | 95.00% |

2.03 Rights of Equity Shareholders

The Company has only one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive any of 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 shareholder.

Shares held by promoters at the end of the year 31st March 2022

| Sr. No. | Promoter Name | No. of Shares** | % of total shares** | % Change during the year*** |
|---------|---------------------|-----------------|---------------------|-----------------------------|
| 1 | PRASHANT GARG | | | |
| 2 | NEELU PRASHANT GARG | | | |
| 3 | NITIN GARG | | | |
| | Total | | | |

Shares held by promoters at the end of the year 31st March 2021

| Sr. No. | Promoter Name | No. of Shares** | % of total shares** | % Change during the year*** |
|---------|---------------------|-----------------|---------------------|-----------------------------|
| 1 | PRASHANT GARG | | | |
| 2 | NEELU PRASHANT GARG | | | |
| | Total | | | |



NOTE 3
RESERVES AND SURPLUS

Fig in lakh

| PARTICULARS | As at | As at |
|-----------------------------------|------------------|------------------|
| | 31.03.2023 | 31.03.2022 |
| Balance as per last Balance Sheet | 9.61 | 6.34 |
| Add: Profit/ (Loss) for the year | 1.96 | 3.28 |
| Add: transfer to general reserve | - | - |
| | <u>12</u> | <u>10</u> |
| TOTAL | <u><u>12</u></u> | <u><u>10</u></u> |

NOTE 4
DEFERRED TAX LIABILITIES/ ASSETS (NET)

| PARTICULARS | As at | As at |
|------------------------------------|-----------------|-----------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| A. Deferred Tax Liabilities | | |
| Related to Fixed Assets | 0.30 | 0.29 |
| | <u>0</u> | <u>0</u> |
| Net Deferred Tax Liability | <u><u>0</u></u> | <u><u>0</u></u> |

NOTE 5
TRADE PAYABLES

| PARTICULARS | As at | As at |
|--|------------------|------------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Trade Payables - Micro and Small Enterprises | 14.87 | 0.10 |
| - Others than Micro and Small | - | 24.75 |
| TOTAL | <u><u>15</u></u> | <u><u>25</u></u> |

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

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|-----------------------------|--|-----------|-----------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | 0.10 | 0.10 |
| (ii) Others | 14.77 | - | - | - | 14.77 |
| (iii) Disputed dues- MSME | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - |

NOTE 6
OTHER CURRENT LIABILITIES

| PARTICULARS | As at | As at |
|------------------------------------|--------------------|--------------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Other Payables | | |
| Advance from customers | | |
| Trade / security deposits received | 2.07 | 2.07 |
| Statutory Liabilities | | |
| Others* | - | 0.03 |
| TOTAL | <u><u>2.07</u></u> | <u><u>2.10</u></u> |

* Mainly includes Provision for Expenses



NOTE 7

SHORT TERM PROVISIONS

Fig. in lakh

| PARTICULARS | As at | As at |
|--------------------------|-------------|-------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| OTHERS | | |
| Provision for Income Tax | 0.74 | 0.06 |
| Audit Fees Payable | 0.09 | 0.16 |
| Advance Tax | - | - |
| TOTAL | 0.83 | 0.22 |

NOTE 9

INVENTORIES

| PARTICULARS | As at | As at |
|--------------------------------|--------------|--------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Raw Materials / Finished Goods | 27.21 | 32.48 |
| TOTAL | 27.21 | 32.48 |

NOTE 10

TRADE RECEIVABLES

(Unsecured, considered good and subject to confirmation)

| PARTICULARS | As at | As at |
|-------------------------------------|-------------|-------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Other Receivables - considered good | 4.01 | 4.26 |
| TOTAL | 4.01 | 4.26 |

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

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|-----------------------------|--|-----------|-----------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - |
| (ii) Others | - | - | - | - | - |
| (iii) Disputed dues- MSME | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - |

NOTE 11

CASH AND BANK BALANCES

| PARTICULARS | As at | As at |
|----------------------------------|-------------|-------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Cash and Cash Equivalents | | |
| Balances with Banks: | | |
| In Current Accounts | 4.65 | 3.58 |
| Cash on hand | 1.00 | 1.00 |
| TOTAL | 5.65 | 4.58 |



NOTE 12
SHORT TERM LOANS AND ADVANCES
(Unsecured, Considered Good)

Fig in. lakh

| PARTICULARS | As at | As at |
|-------------------------------------|-------------|-------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Loans and Advances to Others | | |
| Deposit with sales tax department | - | 0.25 |
| Advance Tax | - | 1.92 |
| Gst Receivable | 0.50 | 0.70 |
| TDS Receivable | - | - |
| Deposits - Rent | 0.38 | 0.38 |
| TOTAL | 0.88 | 3.25 |

NOTE 13
OTHER CURRENT ASSETS

| PARTICULARS | As at | As at |
|----------------------|-------------|-------------|
| | 31.03.2023 | 31.03.2021 |
| | In Rs. | In Rs. |
| Preliminary Expenses | 0.42 | 0.83 |
| TOTAL | 0.42 | 0.83 |

NOTE 14
REVENUE FROM OPERATIONS

| PARTICULARS | As at | | As at | |
|--------------------|------------|--------------|------------|--------------|
| | 31.03.2023 | | 31.03.2022 | |
| | In Rs. | | In Rs. | |
| Sale of Products | 20.17 | | 19.80 | |
| Less: Sales Return | | 20.17 | 0.79 | 19.01 |
| | | 20.17 | | 19.01 |
| TOTAL | | 20.17 | | 19.01 |

NOTE 15
OTHER INCOME

| PARTICULARS | As at | | As at | |
|-------------------------------|------------|-------------|------------|-------------|
| | 31.03.2023 | | 31.03.2022 | |
| | In Rs. | | In Rs. | |
| Freight charges | | 0.11 | | 0.10 |
| Write off A/c | | 0.03 | | - |
| Interest on income tax refund | | 0.14 | | - |
| | | 0.28 | | 0.10 |
| TOTAL | | 0.28 | | 0.10 |



NOTE 16

COST OF MATERIALS CONSUMED

Fig in lakh

| PARTICULARS | As at | As at |
|---|---------------------|---------------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| Materials Consumed | | |
| Opening Stock of Raw Materials & Consumables | 32.48 | 30.61 |
| Add : Purchases | 9.92 | 14.01 |
| | <u>42.39</u> | <u>44.62</u> |
| Less : Closing Stock of Raw Materials & Consumables | 27.21 | 32.48 |
| MATERIAL CONSUMED | <u><u>15.18</u></u> | <u><u>12.14</u></u> |

NOTE 17

OTHER EXPENSES

| PARTICULARS | As at | As at |
|-----------------------------------|--------------------|--------------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| A. ADMINISTRATIVE EXPENSES | | |
| Rent Paid | 1.68 | 1.66 |
| Legal and Professional Charges | 0.13 | 0.13 |
| Professional Tax | 0.03 | 0.03 |
| Audit Fees | 0.08 | 0.08 |
| Income Tax paid | - | - |
| Filing fees | 0.03 | 0.03 |
| Preliminary Expenses W/off | 0.42 | 0.42 |
| Write Off | - | 0.00 |
| | <u>2.36</u> | <u>2.33</u> |
| B. OTHER EXPENSES | | |
| Bank Charges | 0.00 | 0.01 |
| | <u>0.00</u> | <u>0.01</u> |
| TOTAL | <u><u>2.36</u></u> | <u><u>2.34</u></u> |

17.01 Break-up of Payments to Auditors

| PARTICULARS | As at | As at |
|--------------|-------------|-------------|
| | 31.03.2023 | 31.03.2022 |
| | In Rs. | In Rs. |
| - Audit Fees | 0.08 | 0.08 |
| TOTAL | <u>0.08</u> | <u>0.08</u> |



NOTE 18
EARNINGS PER SHARE
PARTICULARS

| PARTICULARS | | As at | As at |
|--|-----------|------------|------------|
| | | 31.03.2023 | 31.03.2022 |
| | | In Rs. | In Rs. |
| Net Profit/(Loss) after tax | | 2 | 3 |
| Less : Preference Dividend | | - | - |
| Amount available for Equity Shareholders | (A) | <u>2</u> | <u>3</u> |
| Weighted average number of equity shares (Nos.) | (B) | 1,00,000 | 1,00,000 |
| Diluted Weighted average number of equity shares (Nos.) | (C) | 1,00,000 | 1,00,000 |
| Basic Earnings Per Share of face value of Rs.10/- each | (A) / (B) | 0.00 | 0.00 |
| Diluted Earnings Per Share of face value of Rs.10/- each | (A) / (C) | 0.00 | 0.00 |



DIFFUSION HERNON ADHESIVED & SEALANTS PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 8
FIXED ASSETS

(Rs.in lacs)

| Particulars | GROSS BLOCK | | | DEPRECIATION BLOCK | | | NET BLOCK | | | |
|------------------------|---------------------|-----------|--------------------------|---------------------|--------------------|-----------------|--------------------------|--------------------|---------------------|-------------------|
| | As at 01.04.2022 | Additions | Deduction/ Adjustment | As at 31.03.2023 | Upto 31.03.2022 | For the Year | Deduction/ Adjustment | Upto 31.03.2023 | As at 31.03.2023 | As at 31.03.22 |
| a) Tangible Assets | | | | | | | | | | |
| Owned | | | | | | | | | | |
| Plant & Equipment | 3,04,500 | - | - | 3,04,500 | 1,37,381 | 19,285 | - | 1,56,666 | 1,47,834 | 1,67,119 |
| Furniture & Fixture | - | - | - | - | - | - | - | - | - | - |
| Sub-total | 3,04,500 | - | - | 3,04,500 | 1,37,381 | 19,285 | - | 1,56,666 | 1,47,834 | 1,67,119 |
| b) Intangible Assets : | | | | | | | | | | |
| Softwares | - | - | - | - | - | - | - | - | - | - |
| Sub-total | - | - | - | - | - | - | - | - | - | - |
| Total | 3,04,500 | - | - | 3,04,500 | 1,37,381 | 19,285 | - | 1,56,666 | 1,47,834 | 1,67,119 |
| Previous Year | 3,04,500 | | | 3,04,500 | 1,18,096 | 19,285 | | 1,37,381 | 1,67,119 | - |



Related Party Disclosures :

List of Related Parties :
(As certified by the Company)

Key Management Personnel

Mr. Prashant Garg
Mrs. Neelu P Garg

Holding Company
Diffusion Engineering Ltd

Transactions with Related Parties :

Fig. in. lakh

| Nature of transaction | FY 22-23 | | (In Rs.) FY 21-22 | |
|---------------------------------------|---------------------|-----------------|-------------------|-----------------|
| | Fellow Subsidiaries | Holding Company | Total | Holding Company |
| TRADE PAYABLE As On 31.03.2021 | | | | |
| Diffusion Engineering Ltd | | | | |
| EXPENSES | | | | |
| Purchases | | 13.68 | | 16.53 |
| sales | | 14.77 | | 24.75 |
| Rent Deposit | | 0.38 | | 0.38 |
| Total Debit Notes towards expenses | | 0.32 | | 1.16 |
| Rent paid | | 1.98 | | 1.96 |


For and on behalf of Board of Directors

As per our Report of even date attached.


PRASHANT GARG
DIRECTOR
Place: Nagpur


NEELU P. GARG
DIRECTOR

For P. N. GUPTA
CHARTERED ACCOUNTANTS


P. N. GUPTA
PROPRIETOR
M. No. 44161



| DIFFUSION HERNON ADHESIVE AND SEALANTS PVT LTD | | | | |
|---|----------------------|---------------|----------------------|-----------------|
| CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2023 | | | | |
| PARTICULARS | AS At March 31, 2023 | | AS At March 31, 2022 | |
| | ₹ | ₹ | ₹ | ₹ |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | | |
| Net Profit before tax | | 3 | | 4,44,019 |
| Adjustments for : | | | | |
| Bad Debts Written off | | - | | - |
| Write Back | | - | | - |
| Depreciation | | 19,285 | | 19,285 |
| Dividend on Investments | | - | | - |
| Interest and Finance Charges | | - | | - |
| Interest Income | | - | | - |
| Loss / (Surplus) on Sale of Fixed Assets / Investments (Net) | | - | | - |
| Inter Company Stock Reserve | | - | | - |
| CSR | | - | | - |
| Operating Profit before Working Capital changes | | 19,288 | | 4,63,304 |
| Adjustment for : | | | | |
| Inventories | | 5 | | (1,86,752) |
| Trade Receivables | | 0 | | (1,58,915) |
| Current Liabilities | | (0) | | (50,000) |
| Short Term Loans & Advances | | 2 | | 52,876 |
| Short Term Provisions | | 1 | | 13,755 |
| Other Current Assets | | 0 | | 41,592 |
| Trade Payables | | (10) | | (1,29,252) |
| | | - | | - |
| Cash generated from Operations | | 19,287 | | 46,609 |
| Direct Taxes Paid | | (1) | | (1,16,017) |
| Net Cash Flow from Operating Activities (A) | | 19,286 | | (69,407) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| Inflow / (Outflow) on account of : | | | | |
| Dividend on Investments | | - | | - |
| Profit/(Loss) on sale of Investments | | - | | - |
| Interest Income | | - | | - |
| (Purchases) / Sales of Fixed Assets (Net) | | - | | - |
| (Purchases) Capital W.L.P | | - | | - |
| (Purchases) / Sales of Investments (Net) | | - | | - |
| Net Cash Flow from Investing Activities (B) | | - | | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| Proceeds / (Repayment) from/of Secured Loans | | - | | - |
| Interest and Finance Charges | | - | | - |
| Dividend paid (including tax on dividend) | | - | | - |
| Net Cash Flow from Financing Activities (C) | | - | | - |
| D. FOREIGN EXCHANGE TRANSLATION RESERVE | | | | |
| Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C+D] | | 19,286 | | (69,407) |
| Cash and Cash Equivalents as at the beginning of the year | 5 | | 5,27,650 | |
| Cash and Cash Equivalents as at the end of the year | 6 | | 5 | |
| | | 1 | | 5,27,645 |

As per our report of even date
For CA P.N. GUPTA
Chartered Accountant



Proprietor P.N GUPTA
Membership Number: 044161
Place : Nagpur
Date: 28/06/2023

For and on behalf of the Board of Directors of
DIFFUSION HERNON ADHESIVE AND SEALANTS PVT LTD

Prashant Garg
PRASHANT GARG
Director

Neelu P. Garg
NEELU P. GARG
Director

Place : Nagpur
Date: 28/06/2023

Note 20

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 21

Ratio Analysis

| Sr No. | Ratio Analysis | Numerator | Denominator | 31-Mar-23 | 31-Mar-22 | % Variance | Reason for variance |
|--------|----------------------------------|------------------------|---------------------------|-----------|-----------|------------|-----------------------------------|
| 1 | Current Ratio | Current Assets | Current Liabilities | 2.15 | 1.67 | 28.54% | |
| 2 | Debt Equity Ratio | Total Liabilities | Shareholder's Equity | - | - | 0.00% | Payment made to creditors |
| 3 | Debt Service Coverage Ratio | Earnings available for | Debt Service | 1.28 | - | 0.00% | |
| 4 | Return on Equity Ratio | Profit After Tax | Avg. Shareholders Equity | 9.54% | 33.44% | -71.47% | Due to increase in expenses |
| 5 | Inventory Turnover Ratio | Net Sales | Average Inventory | 0.68 | 0.60 | 12.11% | |
| 6 | Trade Receivables Turnover Ratio | Net Credit Sales | Average Trade Receivables | 4.88 | 5.49 | -11.07% | |
| 7 | Trade Payables Turnover Ratio | Total Purchases | Average Trade Payables | 0.76 | 0.48 | 60.53% | Due to early payment to creditors |
| 8 | Net Capital Turnover Ratio | Net Sales | Average Working Capital | 1.04 | 1.15 | -9.43% | |
| 9 | Net Profit Ratio | Profit After Tax | Net Sales | 9.74% | 16.56% | -41.17% | |
| 10 | Return on Capital employed | EBIT | Capital Employed | 12.57% | 22.67% | -44.55% | Due to increase in expenses |
| 11 | Return on Investment | Profit After Tax | Total Equity | 9.11% | 16.72% | -45.55% | |

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



| Sr. No. | Ratio | Element of the Ratio | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2022 | As at April 01, 2021 | As at March 31, 2020 |
|---------|-----------------------------------|--|---|---|----------------------|----------------------|----------------------|
| 1 | Current Ratio | Current Assets Current Liability | 38.16 17.77 | 45.40 27.17 | | | |
| 2 | Debt-Equity ratio | Long Term Borrowings Short Term Borrowings Total debt | - - - | - - - | | | |
| | Shareholders Equity | Equity share capital Other equity Shareholders Equity | 10.00 11.58 21.58 | 10.00 9.61 19.61 | | | |
| 3 | Debt Service Coverage ratio | profit before taxes <u>Non-cash operating expenses:</u> like depreciation and other amortizations Interest <u>Other adjustments</u> like loss on sale of Fixed assets etc Earnings available for debt service | 1.96 - 0.19 - - 2.16 | 3.28 - 0.19 - - 3.47 | | | |
| | | Interest Current Lease Payments Scheduled Principal Repayments Debt Service | - 1.60 - 1.60 | - 1.66 - 1.66 | | | |
| 4 | Trade payables turnover ratio | Total Purchases Less : Cash Purchases Less : Purchase returns Net Credit Purchases | 15.18 - - 15.18 | 12.14 - - 12.14 | | | |
| | | Opening Trade Payables Closing Trade Payables Average Trade Payables | 24.85 14.87 19.86 | 26.14 24.85 25.49 | | | |
| 5 | Inventory Turnover Ratio | REVENUE FROM OPERATION Net Sales Opening Inventory Closing Inventory Average Inventory | 20.17 20.17 32.48 27.21 29.84 | 19.01 19.01 30.61 32.48 31.54 | | | |
| 6 | Trade Receivables turnover ratio | Total Sales Less : Cash Sales Less : Sales returns Net Credit Sales | 20.17 - - 20.17 | 19.80 - 0.79 19.01 | | | |
| | | Opening Accounts Receivable Closing Accounts Receivable Average Accounts Receivable | 4.26 4.01 4.13 | 2.67 4.26 3.47 | | | |
| 7 | Net capital turnover ratio | Total Sales Less : Sales Return returns Net Sales | 20.17 - 20.17 | 19.80 0.79 19.01 | | | |
| | | Opening Working Capital Current assets Current liabilities Closing Working Capital Current assets Current liabilities Average Working Capital | 18.24 45.40 27.17 20.40 38.16 17.77 19.32 | 14.75 43.58 28.82 18.24 45.40 27.17 16.50 | | | |
| 8 | Net Profit Ratio | Net Profit after Tax Net Profit after Tax | 1.96 1.96 | 3.28 3.28 | | | |
| | | Total Sales Less : Sales Return returns Net Sales | 20.17 - 20.17 | 19.80 - 19.80 | | | |
| 9 | Return on Equity Ratio (ROE) | Net Profits after taxes Less: Preference Dividend Net Profits after taxes net of Preference dividend | 1.96 - 1.96 | 3.28 - 3.28 | | | |
| | | Opening Shareholder's Equity Closing Shareholder's Equity Average Shareholder's Equity | 19.61 21.58 20.60 | - 19.61 9.81 | | | |
| 10 | Return on Investment (ROI) | Net Profits after taxes Less: Preference Dividend Net Profits after taxes net of Preference dividend | 1.96 - 1.96 | 3.28 - 3.28 | | | |
| | Shareholders Equity | Equity share capital Other equity Shareholders Equity | 10.00 11.58 21.58 | 10.00 9.61 19.61 | | | |
| 11 | Return on Capital employed (ROCE) | Profit Before Tax Add: Interest/finance cost Earning before interest and taxes | 2.71 0.00 2.71 | 4.44 0.01 4.45 | | | |
| | | Tangible Net Worth Total Debt Capital Employed | 21.58 - 21.58 | 19.61 - 19.61 | | | |



DIFFUSION HERNON ADHESIVE & SEALANT PVT. LTD.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

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

| Particulars | Outstanding for following periods from due date of payment | | | | |
|-----------------------------|--|-----------|-----------|----------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | 2.44 | 0.30 | - | - | 3 |
| (ii) Others | 1.27 | - | - | - | 1.27 |
| (iii) Disputed dues- MSME | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - |

