



Date: May 16, 2026

To,
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
NSE Symbol: DIFFNKG

To,
The Manager
Corporate Relationship Department
BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
BSE Scrip Code - 544264

Dear Sir/Madam,

Sub-: Outcome of Board Meeting held today i.e. Saturday, May 16, 2026

Ref: Our Intimation Letter dated May 12, 2026

With reference to our earlier intimation and in accordance with Regulation 30 (read with Part A of Schedule III) and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we wish to inform you that the Board of Directors of the Company at its Meeting held today i.e. **Saturday, May 16, 2026**, *inter alia*, considered and approved the following matters:

1. The Audited Standalone and Consolidated Financial Results/Statements of the Company along with the Statutory Auditors' report thereon for the quarter and Financial Year Ended March 31, 2026 (Enclosed hereunder as an Annexure 1 and 2).
2. The Board has recommended Final Dividend of Rs. 1.50/- (One Rupee Fifty Paise Only) per share on the Equity Shares of the Company (i.e. dividend @ 15.00% per equity share having face value of Rs. 10/- each), for the financial year 2025-26, subject to approval of the shareholders at the ensuing Annual General Meeting. The dividend, if approved by the members of the Company at the ensuing Annual General Meeting ("AGM"), will be paid within 30 days from the date of AGM.
3. The 44th Annual General Meeting of the Members of the Company will be held on Monday, September 07, 2026 through Video Conferencing (VC) or Other Audio Visual Means (OAVM) as per the relaxation given by Ministry of Corporate Affairs vide General Circular No. 03/2025 dated September 22, 2025.
4. The Board has fixed August 26, 2026 as the record date and the Register of Members and Share Transfer books of the Company will remain closed from August 27, 2026 to September 07, 2026 (both days inclusive) for the purpose of the Annual General Meeting & Final Dividend, if approved by the Members.
5. Appointed M/s Chitaley Mehta & Associates, Chartered Accountants (Firm Registration Number - 127021W) as an Internal Auditor of the Company for financial year 2026-27 to conduct the internal audit of the Company. Brief Profile of M/s Chitaley Mehta & Associates is enclosed hereto in Annexure 3.



DIFFUSION ENGINEERS LIMITED

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

[t] 091-7104-232890, 234727, 236772, CIN : L99999MH2000PLC124154

[e] info@diffusionengineers.com, [w] www.diffusionengineers.com GSTIN : 27AAACD8008L1ZK



6. Appointed M/s A. B. Verma & Co., Cost Accountants, (Firm Registration Number - 102527)), as Cost Auditor of Company for the Financial Year 2026-27. Brief Profile of M/s A. B. Verma & Co is enclosed hereto in Annexure 4.

The details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and SEBI Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 are given in Annexure 3 and 4 to this letter.

The above information will also be available on the website of the Company at <https://diffusionengineers.com/investors-relation/>

The meeting of the Board of Directors of the Company commenced at 03:30 P.M. and concluded at 6:35 P.M.

You are requested to take the above information on your records.

Thanking You.
Yours faithfully,
For **Diffusion Engineers Limited**

Chanchal Jaiswal
Company Secretary and Compliance Officer
Membership No. A67136

Encl.: A/a



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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

Independent Auditors' Report on Audit of Annual Standalone Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To
The Board of Directors of
Diffusion Engineers Limited

Report on the Audit of Financial Results

Opinion

1. We have audited the accompanying Financial Results of **Diffusion Engineers Limited** ("the Company") for the quarter and year ended March 31, 2026 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), which has been initialed by us for identification purpose only.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - i. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2026.

Basis for Opinion

3. We conducted our audit of the Statement in accordance with the Standards on Auditing ("SAs"), specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Management's Responsibilities for the Statement

4. This Statement which includes the Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Financial Results for the quarter and year ended March 31, 2026 has been compiled from the related audited financial statements, This responsibility includes the preparation and presentation of the Financial Results for the quarter and year ended March 31, 2026 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.
5. In preparing the Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
6. The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Financial Results

7. Our objectives are to obtain reasonable assurance about whether the Financial Results for the year ended March 31, 2026 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements



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can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Results.

8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Annual Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Results, including the disclosures, and whether the Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Financial Results of the Company to express an opinion on the Annual Financial Results.



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9. Materiality is the magnitude of misstatements in the Annual Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Financial Results.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during the audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

12. The Standalone audited financial results include the one foreign branch which have been audited by management-certified accounts only which reflect total revenues of Rs.0.00 million, total loss of Rs. (0.07) million and total comprehensive income of Rs. 0.24 million for the quarter ended 31st March, 2026 and total revenues of Rs. 2.46 million, total net loss of Rs. (4.12) million and total comprehensive income of Rs. (3.81) million for the year ended 31st March, 2026 as considered in the Statement, according to the information and explanations given to us by the Management.
13. The aforesaid branch located outside India whose financial result and other financial information have been prepared in accordance with accounting principles generally accepted in respective countries. Company's management has converted the financial results of the branch located outside India for accounting principles generally accepted in their respective countries to accounting generally accepted in India. We have reviewed these changes made by the Company's management. Our Opinion is so far as it relates to the balances and affairs of such branch located outside India is based on the report of management certified accounts and conversion adjustments prepared by the management of the Company and reviewed by us.



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14. The Statement includes the results for the quarter ended 31 March 2026 being the balancing figures between the audited figures in respect of the full financial year ended 31 March 2026 and the published unaudited year-to-date figures up to the third quarter of the current financial year which were subjected to limited review by us. .

15. Our report on the Statement is not modified in respect of these matters.

For PGS & Associates

Chartered Accountants

Firm Registration Number: 122384W



(Premai Gandhi)

Partner

Membership Number: 111592

Place: Nagpur

Date: 16th May, 2026.

UDIN: 26111592RSQHMD5335



DIFFUSION ENGINEERS LIMITED
Audited Standalone Statement of Assets and Liabilities as at March 31, 2026

(All amounts in rupees Million, unless otherwise stated)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
ASSETS		
Non-Current Assets		
(a) Property, plant and equipment	1,076.16	950.79
(b) Capital work-in-progress	221.70	31.44
(c) Intangible assets	6.04	4.83
(d) Financial assets		
(i) Investments	421.70	360.36
(ii) Other financial assets	104.06	90.16
Total non-current assets	1,829.65	1,437.58
Current Assets		
(a) Inventories	673.63	621.85
(b) Financial Assets		
(i) Trade receivables	1,097.46	863.52
(ii) Cash and cash equivalents	939.64	1,184.50
(iii) Other bank balances	0.03	-
(iv) Loans and advances	145.04	112.53
(v) Others financial assets	12.12	8.61
(c) Other current assets	70.89	62.43
Total current assets	2,938.81	2,853.44
Total Assets	4,768.46	4,291.02
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	374.26	374.26
(b) Other equity	3,470.61	3,176.15
Total equity	3,844.87	3,550.42
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	-	-
(ii) Other financial liabilities	4.87	4.73
(b) Deferred tax liabilities (net)	58.86	56.89
Total non current liabilities	63.73	61.62
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	274.79	216.30
(ii) Trade payables		
Total outstanding dues of micro, small and medium enterprises	67.83	27.33
Total outstanding dues of creditors other than micro enterprises, small and medium enterprises	318.80	292.03
(iii) Other financial liabilities	13.02	13.60
(b) Provisions	6.40	4.23
(c) Other current liabilities	169.52	113.53
(d) Current tax liabilities (net)	9.49	11.97
Total current liabilities	859.86	678.99
Total Equity and liabilities	4,768.46	4,291.02

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W



PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Nagpur

UDIN : 26111592RSQHMD5335 Date : 16th May, 2026

Date : 16th May, 2026

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

PRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 16th May, 2026

Date : 16th May, 2026

ABHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date : 16th May, 2026



NITIN N GARG

Director

DIN :- 08558736

Place : Nagpur

Date : 16th May, 2026

Date : 16th May, 2026

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date : 16th May, 2026

DIFFUSION ENGINEERS LIMITED
Audited Standalone Financial Results for the quarter / year ended March 31, 2026

(All amounts in rupees Million, unless otherwise stated except EPS)

Particulars	Quarter Ended			Year ended	
	31 March 2026 (Audited)	31 March 2025 (Audited)	31 December 2025 (Unaudited)	31 March 2026 (Audited)	31 March 2025 (Audited)
Revenue					
Revenue from operations	1,132.70	1,009.69	876.00	3,542.03	3,160.87
Other income	26.25	48.81	34.85	191.68	89.98
Total revenue	1,158.94	1,058.50	910.84	3,733.71	3,250.86
Expenses					
Cost of materials consumed	662.64	477.59	428.29	1,791.34	1,680.76
Purchases of stock-in-trade	89.05	25.34	59.00	257.03	130.67
Changes in inventories of FG and WIP	(53.08)	65.09	(20.70)	(56.49)	(87.90)
Manufacturing expenses	110.03	137.53	111.39	401.74	428.37
Employee benefit expenses	114.31	106.42	117.12	455.23	399.15
Finance costs	6.45	4.68	6.22	20.22	21.95
Depreciation and amortization expenses	16.04	11.01	15.28	59.93	44.39
Other expenses	55.61	61.90	64.15	223.89	200.20
Total expenses	1,001.05	889.56	780.75	3,152.90	2,817.59
Profit/(loss) before Exceptional Items and Tax	157.89	168.94	130.09	580.81	433.27
Exceptional Items	-	-	7.00	7.00	-
Profit/ (loss) before Tax	157.89	168.94	123.09	573.81	433.27
Tax expenses					
- Current tax	44.50	45.89	34.00	124.50	94.00
- (Excess)/Short provision of tax relating of previous years	-	-	-	-	(1.81)
- Deferred tax	(3.33)	2.65	0.55	2.88	3.55
Total tax expenses	41.17	48.54	34.55	127.38	95.74
Net profit for the year	116.72	120.40	88.54	446.43	337.53
Other comprehensive income					
(i) Items that will not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plans	(1.84)	(3.41)	(2.28)	(3.61)	(1.80)
Income tax effect on above	0.46	0.75	0.57	0.91	0.41
(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	(1.38)	(2.66)	(1.71)	(2.70)	(1.39)
Total comprehensive income / (loss) for the period	115.34	117.74	86.83	443.72	336.14
Earnings per equity share					
Earnings per equity share					
[nominal value of share Rs. 10/-]					
Basic (not annualized except for year end)	3.09	3.22	2.37	11.98	9.02
Diluted (not annualized except for year end)	3.09	3.22	2.37	11.98	9.02

The accompanying notes form an integral part of the standalone financial results

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Nagpur

UDIN **26111592RSQHMD5335**
 Date : 16th May, 2026



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

Prashant N. Garg
 Chairman & Managing Director
 DIN :- 00049106
 Place : Nagpur
 Date : 16th May, 2026

ABHISHEK MEHTA
 Chief Financial Officer
 Place : Nagpur
 Date : 16th May, 2026



Nitin N Garg
 Director
 DIN :- 08558736
 Place : Nagpur
 Date : 16th May, 2026

CHANCHAL JAISWAL
 Company Secretary
 Place : Nagpur
 Date : 16th May, 2026

DIFFUSION ENGINEERS LIMITED
Audited Standalone Cash Flow Statement for the Period ended Mar 31, 2026

(All amounts in rupees Million, unless otherwise stated)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash flows from operating activities		
Profit/(loss) before tax	573.81	433.27
Adjustments:		
Depreciation and amortisation	59.93	44.39
Bad Debts & ECL	8.73	8.50
OCI - Gain / (Loss) on remeasurements of the defined employee benefit plans	(2.70)	(1.39)
Net (Gain)/Loss on financial instruments at fair value through profit or loss	12.48	8.02
Interest and Finance Charges	20.22	21.95
Interest Income	(149.20)	(40.95)
Loss / (Surplus) on Sale of Fixed Assets / Investments (Net)	(26.81)	(36.61)
Exceptional Item	7.00	-
ESOP adjustment	1.54	-
Operating cash flows before working capital changes and other assets	505.01	437.18
(Increase) / decrease in inventories	(51.77)	(147.83)
Decrease/ (increase) in Trade and Other Receivables	(260.14)	(174.06)
Decrease / (increase) in other current assets	(8.45)	(16.86)
(Decrease) / increase in Trade and Other Payables	66.81	5.47
(Decrease) / increase in other current liabilities	31.18	31.87
(Decrease) / increase in other current provisions	2.17	0.63
Cash generated from operations	284.80	136.41
Income taxes refund / (paid), net	(110.08)	(86.11)
Net Cash Flow From/(Used In) Operating Activities (A)	174.72	50.30
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/ Sale of property, plant and equipment	(185.30)	(117.25)
Purchase/ sale of intangible assets	(1.20)	(0.58)
Purchase of CWIP	(190.26)	(20.39)
Non Current investments/other Financial Assets	(87.73)	(72.99)
Interest Income	149.20	40.95
Advance for capital	(18.55)	(46.02)
Profit/(loss) on sale of Investments	26.81	36.61
Net Cash Flow From/(Used In) Investing Activities (B)	(307.04)	(179.67)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings(Net)	58.49	(120.78)
Finance Cost paid	(20.22)	(21.95)
Dividend Paid (including Tax)	(56.11)	(7.01)
Proceeds from Issue	-	1,579.64
Acquisition of Treasury Shares	(89.66)	-
Issue Expenses	(5.01)	(141.56)
Net Cash Flow From/(Used In) Financing Activities (C)	(112.51)	1,288.35
Net increase / decrease in cash and cash equivalents	(244.86)	1,158.97
Cash and cash equivalents at the beginning of the period	1,184.50	25.53
Cash & Cash Equivalents at the End of the Period(A+B+C)	939.64	1,184.50

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

Premal H Gandhi

PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Nagpur

UDIN **26111592RSQHMD5335**

Date : 16th May, 2026



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

Prashant N. Garg

PRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 16th May, 2026

Nitin N. Garg

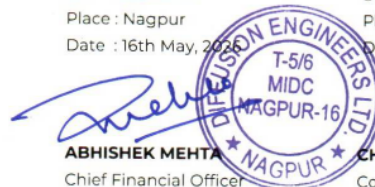
NITIN N GARG

Director

DIN :- 08558736

Place : Nagpur

Date : 16th May, 2026



Abhishek Mehta

ABHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date : 16th May, 2026

Chanchal Jaishwal

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date : 16th May, 2026

Notes to audited standalone financial results for quarter and period ended 31st March, 2026

1. These audited standalone financial results have been prepared in accordance with Indian Accounting Standards (IND-AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The above audited standalone financial results for the quarter and period ended 31st March, 2026 in respect of Diffusion Engineers Limited have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 16th May, 2026. The Statutory auditors have expressed unmodified opinion on audited financial results for the quarter and period ended 31st March, 2026.
3. The audited standalone Financial Results for the quarter ended 31st March, 2026 is the balancing figures between unaudited standalone figures in respect of the nine-month period ended 31st December, 2025 and period ended 31st March, 2026. The figures for the year ended 31st March, 2025 are extracted from the audited Financials Statement of that period.
4. As a result of the Management review mechanism, the Company has one segment "Welding Fabrication Technology and Engineering" which includes Manufacturing, Trading and Job Work.
5. During the quarter ended 30th June, 2025 the Company has received dividend of USD 5,90,000 from its wholly owned subsidiary - Diffusion Engineers Singapore Pte. Ltd.
6. "Diffusion Wear Solutions Middle East for Welding Wire Rods Electrodes and Similar Products Manufacturing LLC – S.P.C", a wholly owned subsidiary was incorporated in United Arab Emirates (UAE) in financial year 2025-2026.

7. Exceptional Item

On 21 November 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws (collectively referred to as "the New Labour Codes"). The Ministry of Labour & Employment published draft Central Rules and FAQs to clarify certain aspects and enable assessment of the financial impact due to changes in regulations. Amongst other things, the New Labour Codes prescribes a uniform definition of wages based on which certain employee benefits such as gratuity, leave encashment, contributions to provident fund and statutory bonus are required to be computed. The Group has assessed and disclosed the incremental impact of these changes on the basis of the best information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and the non-recurring nature of the impact of the New Labour Codes, the Group has presented the one-time impact of the New Labour Codes, primarily pertaining to provisions for long term employee benefits such as gratuity and compensated absences, as an exceptional item in



the standalone financial results for the quarter and period ended 31st March, 2026. The Group continues to monitor the developments pertaining to the New Labour Codes and will evaluate the impact, if any, on the measurement of liabilities pertaining to employee benefits.

8. The shareholders of the Company, by way of Postal Ballot through remote e-voting concluded on June 29, 2025, approved the creation, offer, issue, grant and allotment of up to 7,00,000 (Seven Lakh) Employee Stock Options ("Options") to eligible employees of the Company and its subsidiaries under the *Diffusion Engineers Limited – Employee Stock Option Scheme 2025*, and further approved the secondary acquisition of equity shares through an employee welfare trust, namely "Diffusion ESOP Trust" ("Trust"), including the grant of a loan to the irrevocable Trust to enable it to acquire equity shares of the Company by way of secondary acquisition for implementation of the said Scheme.

Pursuant to the above approvals, the Nomination and Remuneration Committee ("NRC"), through a resolution passed by circulation on December 25, 2025, approved the grant of 3,00,000 (Three Lakh) Employee Stock Options to eligible employees under the Scheme at an exercise price of ₹325/- per Option.

Diffusion ESOP Trust holds 3,00,000 equity shares of face value ₹10 each under the Company's ESOP scheme and the grant letters dated 27th December 2025 were given to eligible employees of which 1,00,000 options were accepted by eligible employees, at an exercise price of ₹325 per equity share. The options granted under the scheme vest in four tranches of 25% each, subject to satisfaction of applicable vesting conditions.

The fair value of stock options (at grant date) is recognised as an expense in the Statement of Profit and Loss within employee benefits as employee compensation cost over the vesting period, with a corresponding increase in ESOP Reserve (a component of equity).

The Company's equity shares held by a trust, which is consolidated as a part of the Company, are classified as Treasury shares. Treasury shares are carried at acquisition cost and presented as a deduction from total equity as "Treasury share reserve"

9. The figures of previous periods / year are reclassified, regrouped and rearranged wherever necessary so as to make them comparable with current period's figures

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




Prashant Garg

Managing Director

DIN – 00049106

Place – Nagpur

Date – 16th May 2026

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

Independent Auditor's Report on Audit of Annual Consolidated Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,
The Board of Directors,
Diffusion Engineers Limited
Nagpur.

1. We have audited the accompanying Statement of audited Consolidated Financial Results of Diffusion Engineers Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates for the quarter ended 31st March, 2026 and for the year ended 31st March 2026 ("the Statement") being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial results of the subsidiaries and associate, as referred below, the aforesaid consolidated financial results:
 - I. include the annual financial results of the entities listed below;
 - II. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - III. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group and its associate for the quarter and year ended 31st March 2026.

The Statement includes the results of the following entities:

Subsidiaries:

- a. Diffusion Super Conditioning Services Private Limited
- b. Nowelco Industries Private Limited
- c. Diffusion Herson Adhesive and Sealant Private Limited
- d. Diffusion Engineers Singapore Pte. Ltd.



PGS & Associates

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- e. Diffusion Wear Solutions Philippines Inc.
- f. Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Sirketi
- g. Diffusion Wear Solutions Middle East for Welding Wire Rods Electrodes and Similar Products Manufacturing LLC – S.P.C

Associates:

- a. Mecdiff Sdn Bhd
- b. LSN Diffusion Ltd

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated financial results" section of our report. We are Independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the paragraph 12 to 15 of "Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Results

4. The consolidated financial results which are the responsibility of the Holding Company's Board of Director's has been prepared on the basis of consolidated annual financial results. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of consolidated net profit and other comprehensive income, and other financial information of the Group and its associate in accordance with the accounting principles generally accepted in India, including the IND-AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in Compliance with Regulation 33 of the Listing Regulations. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the consolidated financial results. Further, in terms of the provision of the Act, the respective



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Board of Directors/management of the companies included in the Group and its associate, are responsible for maintenance of adequate accounting records in accordance with the provisions of the act, for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement 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 financial results, that gives a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

5. In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group and of its associate, are responsible for assessing the ability of their respective companies, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
6. The respective Board of Directors of the companies included in the Group and of its associate, are responsible for overseeing the financial reporting process of their respective Companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial results for the year ended 31st March 2026 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial results.
8. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the Audit.

We also:



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- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial results of the entities within the Group and its associate to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results, of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



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9. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors, regarding among other matters the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.
11. We also perform procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

12. We did not audit the financial results of 7 subsidiaries included in the audited consolidated financial results, whose interim financial results reflect total revenues (before consolidation adjustments) of Rs. 336.70 million, total net profit after tax (before consolidation adjustments) of Rs. 41.77 million and total comprehensive income (before consolidation adjustments) of Rs. 48.05 million for the quarter ended 31st March 2026., as considered in the Statement. These financial statements have been audited by other auditors in respective local currencies and converted into INR by the management of Holding company for consolidation purposes..
13. We did not audit the financial results of 7 subsidiaries included in the audited consolidated financial results, whose interim financial results reflect total assets (before consolidation adjustments) of Rs. 489.49 million as at 31st March, 2026, total revenues (before consolidation adjustments) of Rs. 748.42 million, total net profit after tax (before consolidation adjustments) of Rs. 82.41 million and total comprehensive income (before consolidation adjustments) of Rs. 89.88 million for the year ended 31st March 2026 and cash inflow (before consolidation adjustments) (net) of Rs. -50.06 million for the year ended 31st March 2026. These financial statements have been audited by other auditors in respective local currencies and converted into INR by the management of Holding company for consolidation purposes..
14. The Statement also includes the Group's share of net profit after tax (before consolidation adjustments) of Rs.0.42 million for the quarter ended 31st December 2025



PGS & Associates

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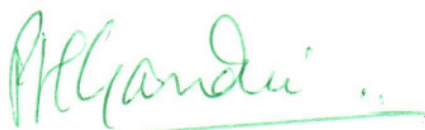
and Rs. 25.93 million for the year 1st January 2025 to 31st December 2025 and total comprehensive income (before consolidation adjustments) of Rs. 0.42 million for the quarter ended 31st December 2025 and Rs. 25.93 million, for the year 1st January 2025 to 31st December 2025 as considered in the Statement, in respect of associates, based on their audited financial statement for the year 1st January 2025 to 31st December 2025 as the associate follows calendar year reporting for statutory purposes. This is converted into INR by the management of Holding company for consolidation purposes.

15. The Independent Auditor's reports on financial results and other financial information of these entities have been furnished to us by management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph above.
16. Our opinion on the Statement in respect of matters stated in para above is not modified with respect to our reliance on the work done and the reports of the other auditors.
17. The Statement includes the results for the quarter ended 31 March 2026 being the balancing figures between the audited figures in respect of the full financial year ended 31 March 2026 and the published unaudited year-to-date figures up to the third quarter of the current financial year which were subjected to limited review by us. .

For PGS & Associates

Chartered Accountants

Firm Registration Number: 122384W



(Premal Gandhi)

Partner

Membership Number: 111592

Place: Nagpur

Date: 16th May, 2026.

UDIN: 26111592 D1 VVVW 4049.



DIFFUSION ENGINEERS LIMITED
Audited Consolidated Statement of Asset and Liabilities as at March 31, 2026

(All amounts in rupees Million, unless otherwise stated)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
ASSETS		
Non-current assets		
(a) Property, plant and equipment	1,097.35	974.00
(b) Capital work-in-progress	229.75	31.44
(c) Intangible assets	6.04	4.83
(d) Financial assets		
(i) Investments	429.86	346.01
(ii) Other financial assets	104.41	90.46
Total non-current assets	1,867.41	1,446.74
Current Assets		
(a) Inventories	736.74	682.73
(b) Financial Assets		
(i) Trade receivables	1,281.79	848.01
(ii) Cash and cash equivalents	975.60	1,270.54
(iii) Other bank balances	0.03	-
(iv) Loans and advances	108.96	117.55
(v) Others financial assets	14.11	10.69
(c) Other current assets	119.68	68.17
Total current assets	3,236.91	2,997.69
Total Assets	5,104.31	4,444.42
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	374.26	374.26
(b) Other equity	3,676.26	3,314.51
Equity attributable to equity holders of the Parent	4,050.53	3,688.77
(c) Non-controlling interests	5.33	4.46
Total equity	4,055.86	3,693.24
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	-	-
(ii) Other financial liabilities	5.12	10.28
(b) Provisions	-	-
(c) Deferred tax liabilities (net)	56.80	55.94
Total non-current liabilities	61.91	66.22
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	286.24	232.14
(ii) Trade payables	-	-
Total outstanding dues of micro, small and medium enterprises	68.37	28.83
Total outstanding dues of creditors other than micro enterprises, small and medium enterprises	397.45	256.08
(iii) Other financial liabilities	20.12	8.99
(b) Provisions	25.96	21.49
(c) Other current liabilities	188.41	137.43
Total current liabilities	986.54	684.96
Total Equity and liabilities	5,104.31	4,444.42

The accompanying notes form an integral part of the consolidated financial statements

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



PREMAL H GANDHI
Partner
Membership Number: 11592
Place: Nagpur
UDIN - 26111592DIVVVW9049
Date : 16th May, 2026

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

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 16th May, 2026

NITIN N GARG
Director
DIN :- 08558736
Place : Nagpur
Date : 16th May, 2026

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date : 16th May, 2026

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date : 16th May, 2026



DIFFUSION ENGINEERS LIMITED
Audited Consolidated Financial Results for the quarter / year ended March 31, 2026

(All amounts in rupees Million, unless otherwise stated)

Particulars	Quarter Ended			Year ended	
	31 March 2026 (Audited)	31 March 2025 (Audited)	31 December 2025 (Unaudited)	31 March 2026 (Audited)	31 March 2025 (Audited)
Revenue					
Revenue from operations	1,415.74	1,025.28	1,008.24	4,066.28	3,352.76
Other income	29.13	49.56	35.53	149.92	92.47
Total revenue	1,444.87	1,074.84	1,043.77	4,216.20	3,445.23
Expenses					
Cost of materials consumed	702.41	491.62	427.86	1,805.05	1,655.23
Purchases of stock-in-trade	261.56	3.06	126.32	532.69	211.61
Changes in inventories of FG and WIP	(94.80)	52.57	0.06	(80.23)	(107.21)
Manufacturing expenses	139.26	147.06	119.38	478.58	468.93
Employee benefit expenses	124.92	110.27	123.36	483.88	419.02
Finance costs	6.54	3.99	6.44	21.47	22.74
Depreciation and amortization expenses	18.54	13.13	17.38	68.45	52.75
Other expenses	75.51	72.89	76.21	274.88	233.61
Total expenses	1,233.93	894.59	897.00	3,584.78	2,956.68
Profit/(loss) before Exceptional Items and Tax	210.94	180.25	146.76	631.43	488.55
Exceptional Items	-	-	7.00	7.00	-
Profit before Tax and share of profit / (loss) of associates and joint ventures	210.94	180.25	139.76	624.43	488.55
Share of profit / (loss) of associates and joint ventures	0.42	(0.12)	17.67	25.93	(19.51)
Profit/ (loss) before Tax	211.36	180.13	157.43	650.36	469.04
Tax expenses					
- Current tax	55.99	47.38	36.78	144.42	106.93
- (Excess)/Short provision of tax relating of previous years	0.07	0.00	-	0.07	(1.81)
- Deferred tax	(4.39)	2.64	0.54	1.76	3.50
Total tax expenses	51.67	50.03	37.33	146.26	108.63
Net profit for the year	159.70	130.10	120.11	504.10	360.41
Other comprehensive income					
(i) Items that will not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plans	(1.84)	(3.41)	(2.28)	(3.61)	(1.80)
Income tax effect on above	0.46	0.75	0.57	0.91	0.41
(ii) items that will be reclassified to profit or loss in subsequent periods					
Foreign currency translation of foreign operations	8.52	1.90	1.38	10.50	1.90
Other comprehensive income for the year, net of tax	7.14	(0.76)	(0.33)	7.79	0.51
Total comprehensive income / (loss) for the period	166.84	129.35	119.77	511.89	360.92
Profit attributable to:					
Owners of the Parent	159.85	130.24	120.61	503.23	359.09
Non-Controlling Interest	(0.15)	(0.13)	(0.50)	0.87	1.32
Other Comprehensive Income attributable to:					
Owners of the Parent	7.21	(0.75)	(0.49)	7.77	0.51
Non-Controlling Interest	(0.07)	(0.01)	0.16	0.02	0.01
Total Comprehensive income attributable to:					
Owners of the Parent	167.07	129.50	120.12	511.01	359.60
Non-Controlling Interest	(0.22)	(0.13)	(0.34)	0.90	1.33
Earnings per equity share					
Earnings per equity share (nominal value of share Rs. 10/-)					
Basic	4.29	3.49	3.22	13.50	9.59
Diluted	4.29	3.49	3.22	13.50	9.59

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date.

For **PGS & Associates**

Chartered Accountants

F.R.N. : 0122364W

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

PPashant N. Garg

PPASHANT N. GARG

Chairman & Managing Director

DIN : 00049106

Place : Nagpur

Date : 16th May, 2026

Nitin N. Garg

NITIN N. GARG

Director

DIN : 08558736

Place : Nagpur

Date : 16th May, 2026

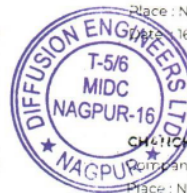
Adhishek Mehta

ADHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date : 16th May, 2026



Chaitanya Jaiswal

CHAITANYA JAISWAL

Company Secretary

Place : Nagpur

Date : 16th May, 2026



PREMAL H GANDHI

Partner

Membership Number: 111592

Place : Nagpur

UDIN - 26111592DIVVVW9099

Date : 16th May, 2026

DIFFUSION ENGINEERS LIMITED
Audited Consolidated Cash Flow Statement for the year ended March 31, 2026
 (All amounts in rupees Million, unless otherwise stated)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash flows from operating activities		
Profit/(loss) before tax	624.43	488.55
Adjustments:		
Depreciation and amortisation	68.45	52.75
Bad Debts & ECL	6.11	8.51
OCI - Gain / (Loss) on remeasurements of the defined employee benefit plans	(2.70)	(1.39)
Net (Gain)/Loss on financial instruments at fair value through profit or loss	12.75	7.40
Interest and Finance Charges	21.47	22.74
Interest Income	(75.84)	(42.01)
ESOP adjustment	1.54	-
Unrealised exchange (gain)/loss	10.50	1.90
Exceptional Item	7.00	-
Operating cash flows before working capital changes and other assets	673.69	538.44
Decrease / (increase) in inventories	(54.01)	(150.61)
Decrease/ (increase) in Trade and Other Receivables	(430.11)	(180.24)
(Decrease) / increase in other current assets	(51.54)	(31.09)
(Decrease) / increase in Trade and Other Payables	179.83	(37.21)
(Decrease) / increase in other current liabilities	50.97	42.69
Deffered Tax	(0.90)	-
(Decrease) / increase in other current provisions	4.46	12.84
Cash generated from operations	372.40	194.83
Income taxes refund / (paid) net	(144.49)	(108.63)
Net Cash Flow From/(Used in) Operating Activities (A)	227.90	86.20
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/ Sale of property, plant and equipment	(191.79)	(121.03)
Purchase/ sale of intangible assets	(1.21)	(0.58)
Purchase of CWIP	(198.31)	(20.38)
Non Current investment	(96.60)	(61.46)
Interest Income	75.84	42.01
Share of profit / (loss) of associates and joint ventures	25.93	(19.51)
Advance for Capital Asset	(18.55)	-
Net Cash Flow From/(Used In) Investing Activities (B)	(404.69)	(180.96)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	-
Proceeds from short-term borrowings(Net)	54.10	(112.21)
Finance Cost paid	(21.47)	(22.74)
Dividend Paid	(56.11)	(15.96)
Proceeds from Issue	-	1,438.08
Treasury Shares	(89.66)	-
Issue Expenses	(5.01)	-
Net Cash Flow From/(Used In) Financing Activities (C)	(118.15)	1,287.17
Net increase / decrease in cash and cash equivalents	(294.94)	1,192.42
Cash and cash equivalents at the beginning of the period	1,270.54	78.13
Cash & Cash Equivalents at the End of the Period(A+B+C)	975.60	1,270.54

As per our report of even date

For PGS & Associates
 Chartered Accountants
 F.R.N. : 0122384W

PREMAL H GANDHI
 Partner

Membership Number: 111592

Place : Nagpur

UDIN - 26111592DIUVVW4049

Date : 16th May, 2026



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

FRASHANT N. GARG

Chairman & Managing Director

DIN :- 00049106

Place : Nagpur

Date : 16th May, 2026

NITIN H GARG

Director

DIN :- 08558736

Place : Nagpur

Date : 16th May, 2026

AASHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date : 16th May, 2026

ANJANAL JAISWAL

Company Secretary

Place : Nagpur

Date : 16th May, 2026

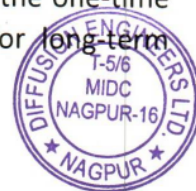


Notes to audited consolidated financial results for quarter and year ended 31st March, 2026

1. These audited consolidated financial results have been prepared in accordance with Indian Accounting Standards (IND-AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The above audited consolidated financial results for the quarter and period ended 31st March, 2026 in respect of Diffusion Engineers Limited have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 16th May, 2026. The Statutory auditors have expressed unmodified opinion on the audited financial results for the quarter and year ended 31st March, 2026.
3. The audited consolidated Financial Results for the quarter ended 31st March, 2026 is the balancing figures between audited consolidated figures in respect of the year ended 31st March, 2026 and unaudited consolidated figures for nine-months ended 31st December, 2025. The figures for the year ended 31st March, 2025 are extracted from the audited Financials Statement of that period.
4. As a result of the Management review mechanism, the Company has one segment "Welding Fabrication Technology and Engineering" which includes Manufacturing, Trading and Job Work.
5. During the quarter ended 30th June, 2025 the Company has received dividend of USD 5,90,000 from its wholly owned subsidiary - Diffusion Engineers Singapore Pte. Ltd., which has been eliminated while consolidating the above financial result as per IND- AS 110.
6. "Diffusion Wear Solutions Middle East for Welding Wire Rods Electrodes and Similar Products Manufacturing LLC – S.P.C", a wholly owned subsidiary was incorporated in the United Arab Emirates (UAE) in the financial year 2025-2026.

7. Exceptional Item

On 21 November 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws (collectively referred to as "the New Labour Codes"). The Ministry of Labour & Employment published draft Central Rules and FAQs to clarify certain aspects and enable assessment of the financial impact due to changes in regulations. Amongst other things, the New Labour Codes prescribes a uniform definition of wages based on which certain employee benefits such as gratuity, leave encashment, contributions to provident fund and statutory bonus are required to be computed. The Group has assessed and disclosed the incremental impact of these changes on the basis of the best information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and the non-recurring nature of the impact of the New Labour Codes, the Group has presented the one-time impact of the New Labour Codes, primarily pertaining to provisions for long-term



employee benefits such as gratuity and compensated absences, as an exceptional item in the consolidated financial results for the year ended 31st March, 2026. The Group continues to monitor the developments pertaining to the New Labour Codes and will evaluate the impact, if any, on the measurement of liabilities pertaining to employee benefits.

8. The shareholders of the Company, by way of Postal Ballot through remote e-voting concluded on June 29, 2025, approved the creation, offer, issue, grant and allotment of up to 7,00,000 (Seven Lakh) Employee Stock Options ("Options") to eligible employees of the Company and its subsidiaries under the *Diffusion Engineers Limited - Employee Stock Option Scheme 2025*, and further approved the secondary acquisition of equity shares through an employee welfare trust, namely "Diffusion ESOP Trust" ("Trust"), including the grant of a loan to the irrevocable Trust to enable it to acquire equity shares of the Company by way of secondary acquisition for implementation of the said Scheme.

Pursuant to the above approvals, the Nomination and Remuneration Committee ("NRC"), through a resolution passed by circulation on December 25, 2025, approved the grant of 3,00,000 (Three Lakh) Employee Stock Options to eligible employees under the Scheme at an exercise price of ₹325/- per Option.

Diffusion ESOP Trust holds 3,00,000 equity shares of face value ₹10 each under the Company's ESOP scheme and the grant letters dated 27th December 2025 were given to eligible employees of which 1,00,000 options were accepted by eligible employees, at an exercise price of ₹325 per equity share. The options granted under the scheme vest in four tranches of 25% each, subject to satisfaction of applicable vesting conditions.

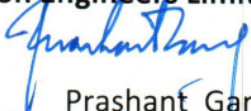
The fair value of stock options (at grant date) is recognised as an expense in the Statement of Profit and Loss within employee benefits as employee compensation cost over the vesting period, with a corresponding increase in ESOP Reserve (a component of equity).

The Company's equity shares held by a trust, which is consolidated as a part of the Company, are classified as Treasury shares. Treasury shares are carried at acquisition cost and presented as a deduction from total equity as "Treasury share reserve"

9. The figures of previous periods / year are reclassified, regrouped and rearranged wherever necessary so as to make them comparable with current period's figures.

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




Prashant Garg

Managing Director

DIN - 00049106

Place - Nagpur

Date - 16th May, 2026



Date: May 16, 2026

To,
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
NSE Symbol: DIFFNKG

To,
The Manager
Corporate Relationship Department
BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
BSE Scrip Code - 544264

Dear Sir/Madam

Sub: Declaration pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, in respect of the Audited Financial Results (Consolidated and Standalone)

In terms of the proviso to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, we hereby declare that Statutory Auditors of the Company PGS & Associates (FRN 0122384W), have issued the Auditor's Report on the Annual Audited Financial Results (Consolidated and Standalone) of the Company for the financial year ended March 31, 2026 with **unmodified opinion**.

Kindly take the information on record.

Thanking You.

Yours faithfully,

For **Diffusion Engineers Limited**

Abhishek Mehta
Chief Financial Officer



DIFFUSION ENGINEERS LIMITED

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Branches At : Ahmedabad • Chennai • Chittorgarh • Faridabad • Jamshedpur • Kolkata • Pune • Raipur • Secunderabad

ANNEXURE -3

Appointment of M/s Chitaley Mehta & Associates, (FRN- 127021W) as an Internal Auditor of the Company for financial year 2026-27.

Sr. No.	Particulars	Details
1	Reason for change viz. appointment, resignation, removal, death or otherwise;	Appointment as an Internal Auditor of the Company.
2	Date of appointment/cessation (as applicable) & term of appointment;	With effect from May 16, 2026 Appointment as an Internal Auditor of the Company for financial year 2026-27 to conduct the Internal Audit.
3	Brief profile (in case of appointment);	Chitaley Mehta & Associates, FRN-127021W, is a firm of Chartered Accountants in Nagpur. The Firm provides services in the fields of internal audit and assurance, tax, transaction advisory and consulting keeping in mind the regulatory and commercial environment within which the Firm's clientele operate.
4	Disclosure of relationships between directors (in case of appointment of a director).	NA

ANNEXURE - 4

Appointment of M/s A. B. Verma & Co., Cost Accountants, (Firm Registration Number – 102527)), as Cost Auditor of Company for the Financial Year 2026-27

Sr. No.	Particulars	Details
1	Reason for change viz. appointment, resignation, removal, death or otherwise;	Appointment as Cost Auditor of the Company
2	Date of appointment/cessation (as applicable) & term of appointment;	With effect from May 16, 2026 Appointed as a Cost Auditor of the Company for financial year 2026-27 to conduct the Cost Audit.
3	Brief profile (in case of appointment);	M/s A. B. Verma & Co., Cost Accountants, (Firm Registration Number – 102527) is a firm of Practicing Cost Accountants based in Nagpur offering a wide spectrum of Services to its esteemed clientele. The firm has handled various assignments in Costing such as Cost audit, Certifications, Setting up costing systems, Cost consultancy, Costing-based turnaround strategies, etc. across diverse industry and client base.
4	Disclosure of relationships between directors (in case of appointment of a director).	NA