Innovative superconditioning solutions

Date: August 11, 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. Tuesday, August 11, 2026

Ref: Our Intimation Letter dated August 05, 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. **Tuesday, August 11, 2026**, *inter alia,* considered and approved the Unaudited (Standalone and Consolidated) Financial Results for the quarter ended June 30, 2026.

In terms of Regulation 33 of the Listing Regulations, we are enclosing herewith Unaudited (Standalone and Consolidated) Financial Results for the quarter ended June 30, 2026 along with Limited Review Report on the said financial results received from the Statutory Auditors of the Company.

The meeting of the Board of Directors of the Company commenced at 12:15 P.M. and concluded at 01:40 P.M.

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

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

Chanchal Rajesh Jaiswal
Digitally signed by Chanchal Rajesh Jaiswal
Date: 2026.08.11 13:41:35 +05'30'

Chanchal Jaiswal
Company Secretary and Compliance Officer
Membership No. A67136
Encl.: A/a

PGS & Associates

Chartered Accountants

301, Laxmi Krupa, 3rd Lokmanya Tilak Colony Road, Near Yogi Sabhagriha, Dadar (E), Mumbai 400014 • Telephone No: 86577 41103 / 87790 57086 •Email ID: info@pgsca.in

Independent Auditor's Review Report on Standalone Unaudited Quarterly 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

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Diffusion Engineers Limited including the Diffusion ESOP Trust("the Company"), for the quarter ended 30th June, 2026 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. **Other Matters**

   According to the information and explanations given to us by the Management, the Standalone unaudited financial results include the one foreign branch which has not been reviewed by their auditor, whose interim financial results reflect total revenues of Rs. 2.70 million, total net profit after tax of Rs. 0.30 million and total comprehensive income of Rs. 0.90 million for the quarter ended 30th June, 2026 as considered in the Statement.

   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 conclusion 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.

The accompanying Statement of quarterly standalone financial results includes the unaudited interim financial results in respect of Diffusion ESOP Trust whose interim financial results and other financial information reflect total revenues of Rs. Nil, total net profit after tax of Rs Nil and total comprehensive income of Rs. Nil for the quarter ended June 30, 2026 as considered in the Statement which have been reviewed by the auditor of Diffusion ESOP Trust. The report of such auditor on interim financial results/financial information of this trust has been furnished to us by the Management, and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this trust, is based solely on the report of such other auditor.

The Standalone Financial Results for the quarter ended 31st March, 2026 is the balancing figures between audited standalone figures year ended 31st March, 2026 and unaudited standalone figures in respect of the nine-month period ended 31st December, 2025. The figures for the year ended 31st March, 2026 are extracted from the audited Financials Statement of that period.

Our opinion on the statement is not modified in respect of the above matters with respect to our reliance on the work done and the financial information certified by the Board of Directors.

For PGS & Associates
Chartered Accountants
Firm Registration Number: 122384W

PHGandhi

Premal Gandhi
Partner
Membership Number: 111592
Place: Mumbai
Date: 11th August, 2026
UDIN: 26111592PIJTJP9913

PGS & ASSOCIATES
FRN
0122384W
MUMBAI
Chartered Accountants

DIFFUSION ENGINEERS LIMITED

Unaudited Standalone Financial Results for the quarter ended June 30, 2026

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

Particulars	Quarter Ended			Year ended
	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)	31 March 2026 (Audited)	31 March 2026 (Audited)
Revenue				
Revenue from operations	959.13	733.72	1,132.70	3,542.03
Other income	32.75	101.45	26.25	191.68
Total revenue	**991.88**	**835.17**	**1,158.94**	**3,733.71**
Expenses				
Cost of materials consumed	624.76	342.94	662.64	1,791.34
Purchases of stock-in-trade	39.65	27.82	89.05	257.03
Changes in inventories of FG and WIP	(107.98)	35.23	(53.08)	(56.49)
Manufacturing expenses	99.27	83.84	110.03	401.74
Employee benefit expenses	120.08	110.02	114.31	455.23
Finance costs	6.66	2.86	6.45	20.22
Depreciation and amortization expenses	16.48	14.33	16.04	59.93
Other expenses	61.81	47.33	55.61	223.89
Total expenses	**860.73**	**664.37**	**1,001.05**	**3,152.90**
Profit/(loss) before Exceptional Items and Tax	**131.15**	**170.80**	**157.89**	**580.81**
Exceptional Items	-	-	-	7.00
Profit/ (loss) before Tax	**131.15**	**170.80**	**157.89**	**573.81**
Tax expenses				
- Current tax	29.51	23.00	44.50	124.50
- (Excess)/Short provision of tax relating of previous years	-	-	-	-
- Deferred tax	1.85	5.76	(3.33)	2.88
Total tax expenses	**31.36**	**28.76**	**41.17**	**127.38**
Net profit for the year	**99.79**	**142.04**	**116.72**	**446.43**
Other comprehensive income				
(i) Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the defined benefit plans	(0.60)	0.11	(1.84)	(3.61)
Income tax effect on above	0.15	(0.03)	0.46	0.91
(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	(0.45)	0.08	(1.38)	(2.70)
Total comprehensive income / (loss) for the period	**99.33**	**142.12**	**115.34**	**443.72**
Earnings per equity share				
Earnings per equity share				
[nominal value of share Rs. 10/-]				
Basic (not annualized except for year end)	2.68	3.80	3.09	11.98
Diluted (not annualized except for year end)	2.68	3.80	3.09	11.98

For, Diffusion Engineers Limited

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 11th Aug, 2026

For Identification Purpose
PGS & Associates
Partner

Notes to unaudited standalone financial results for quarter ended 30th June, 2026

1. These unaudited 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 unaudited standalone financial results for the quarter ended 30th June, 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 the meetings held on 10th August, 2026 and 11th August, 2026 respectively. The Statutory auditors have expressed unmodified opinion on unaudited financial results for the quarter ended 30th June, 2026.

3. The 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 audited standalone figures for the year ended 31st March, 2026. The figures for the year ended 31st March, 2026 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. **Exceptional item in the quarter and period and 31st March, 2026**

   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 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.

7. 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"

8. 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 – 11th August, 2026

PGS & Associates

Chartered Accountants

301, Laxmi Krupa, 3rd Lokmanya Tilak Colony Road, Near Yogi Sabhagriha, Dadar (E), Mumbai 400014 • Telephone No: 86577 41103 / 87790 57086 •Email ID: info@pgsca.in

Independent Auditor's Review Report on Consolidated Unaudited Quarterly 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

1. We have reviewed the accompanying Statement of Unaudited 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 and joint ventures for the quarter ended 30th June, 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.

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of Holding Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
   We also performed procedures in accordance with the Master Circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
   Subsidiaries:
   a. Diffusion Super Conditioning Services Private Limited
   b. Nowelco Industries Private Limited
   c. Diffusion Hernon Adhesive and Sealant Private Limited
   d. Diffusion Engineers Singapore Pte. Ltd.
   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

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial results of 7 subsidiaries included in the unaudited consolidated financial results, whose interim financial results reflect total revenues (before consolidation adjustments) of Rs. 195.78 million, total net profit after tax (before consolidation adjustments) of Rs. 22.39 million and total comprehensive income (before consolidation adjustments) of Rs. 22.24 million for the quarter ended 30th June, 2026, as considered in the Statement. These financial statements have been reviewed by other auditors and conversion adjustments prepared by the management of the Holding Company.

   The Statement also includes the Group's share of net profit after tax (before consolidation adjustments) of Rs. 44.59 million and total comprehensive income (before consolidation adjustments) of Rs. 44.59 million for the period from 1st January 2026 to 30th June 2026 as considered in the Statement, in respect of the foreign associates, based on their interim financial information which have been confirmed by the management of the associates and not reviewed by their Auditors.

   The independent auditor's reports on interim 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 3 above. Our conclusion 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.

For PGS & Associates
Chartered Accountants
Firm Registration Number: 122384W

PHGandhi

Premal Gandhi
Partner
Membership Number: 111592
Place: Mumbai
Date: 11th August, 2026
UDIN: 26111592WUBUIH8477

PGS & ASSOCIATES FRN 0122384W MUMBAI Chartered Accountants

DIFFUSION ENGINEERS LIMITED

Unaudited Consolidated Financial Results for the quarter ended June 30, 2026

(All amounts in rupees Million, unless otherwise stated)

Particulars	Quarter Ended			Year ended
	30th June 2026 (Unaudited)	30th June 2025 (Unaudited)	31 March 2026 (Audited)	31 March 2026 (Audited)
Revenue				
Revenue from operations	1,101.08	806.65	1,415.74	4,066.28
Other income	40.98	54.89	29.13	149.92
Total revenue	**1,142.06**	**861.54**	**1,444.87**	**4,216.20**
Expenses				
Cost of materials consumed	691.47	340.90	702.41	1,805.05
Purchases of stock-in-trade	54.32	40.81	261.56	532.69
Changes in inventories of FG and WIP	(109.42)	47.04	(94.80)	(80.23)
Manufacturing expenses	116.94	98.50	139.26	478.58
Employee benefit expenses	126.09	114.94	124.92	483.88
Finance costs	6.97	3.20	6.54	21.47
Depreciation and amortization expenses	18.78	16.23	18.54	68.45
Other expenses	80.15	58.65	75.51	274.88
Total expenses	**985.30**	**720.27**	**1,233.93**	**3,584.78**
Profit/(loss) before Exceptional Items and Tax	**156.76**	**141.27**	**210.94**	**631.43**
Exceptional Items	-	-	-	7.00
Profit before Tax and share of profit / (loss) of associates and joint ventures	**156.76**	**141.27**	**210.94**	**624.43**
Share of profit / (loss) of associates and joint ventures	44.59	13.77	0.42	25.93
Profit/ (loss) before Tax	**201.36**	**155.04**	**211.36**	**650.36**
Tax expenses				
- Current tax	32.73	26.67	55.99	144.42
- (Excess)/Short provision of tax relating of previous years	-	-	0.07	0.07
- Deferred tax	1.85	5.73	(4.39)	1.76
Total tax expenses	**34.59**	**32.40**	**51.67**	**146.26**
Net profit for the year	**166.77**	**122.65**	**159.70**	**504.10**
Other comprehensive income				
(i) Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the defined benefit plans	(0.60)	0.11	(1.84)	(3.61)
Income tax effect on above	0.15	(0.03)	0.46	0.91
(ii) Items that will be reclassified to profit or loss in subsequent periods				
Foreign currency translation of foreign operations	(0.15)	(0.53)	8.52	10.50
Other comprehensive income for the year, net of tax	**(0.60)**	**(0.45)**	**7.14**	**7.79**
Total comprehensive income / (loss) for the period	**166.17**	**122.20**	**166.84**	**511.89**
Profit attributable to:				
Owners of the Parent	166.07	121.92	159.85	503.23
Non-Controlling Interest	0.70	0.73	(0.15)	0.87
Other Comprehensive Income attributable to:				
Owners of the Parent	(0.85)	(0.47)	7.21	7.77
Non-Controlling Interest	0.25	0.02	(0.07)	0.02
Total Comprehensive Income attributable to:				
Owners of the Parent	165.22	121.45	167.07	511.01
Non-Controlling Interest	0.95	0.74	(0.22)	0.90
Earnings per equity share				
Earnings per equity share [nominal value of share Rs. 10/-]				
Basic	4.47	3.26	4.29	13.50
Diluted	4.47	3.26	4.29	13.50

For Diffusion Engineers Limited

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date : 11th Aug, 2026

For Identification Purpose
PGS & Associates
Partner

Notes to unaudited consolidated financial results for quarter ended 30th June, 2026

1. These unaudited 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 unaudited consolidated financial results for the quarter ended 30th June, 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 the meetings held on 10th August, 2026 and 11th August, 2026 respectively. The Statutory auditors have expressed unmodified opinion on unaudited financial results for the quarter ended 30th June, 2026.

3. The 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, 2026 are extracted from the audited Financials Statement of that period.

4. The Statement also includes the share of net profit after tax Rs. 44.59 million for the period from 1st January 2026 to 30th June 2026 as considered in the Statement, in respect of the foreign associates Mecdiff Sdn Bhd. and LSN Diffusion Ltd.

5. 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.

6. **Exceptional item in the quarter and period and 31st March, 2026**

   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.

7. 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

Place – Nagpur

Managing Director

Date – 11th August, 2026

DIN – 00049106