

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 REVIEW REPORT ON THE QUARTERLY UNAUDITED STANDALONE FINANCIAL RESULTS OF THE COMPANY

To,

The Board of Directors,

Diffusion Engineers Limited

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Diffusion Engineers Limited ("the Company"), for the quarter ended June 30, 2024 ("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



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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.

Other Matters

5. 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. 0.00 million, total net loss after tax of Rs. 0.91 million and total comprehensive loss of Rs. 0.00 million for the quarter ended June 30, 2024 as considered in the Statement. According to the information and explanations given to us by the Management.

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.

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.



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6. The Statement includes the financial results for the preceding quarter ended 31st March 2024, being the balancing figures between the standalone audited figure's of previous year in respect of the full financial year ended 31st March 2024 and the standalone audited year-to-date figure's up to the third quarter ended 31st December, 2023. Our conclusion in respect of matter stated above is not modified.

For PGS & Associates

Chartered Accountants

Firm Registration Number: 122384W

UDIN: 24111592BKBITX6143





Premal Gandhi

Partner

Membership Number: 111592

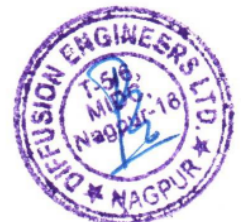
Place: Mumbai

Date: October 24, 2024

DIFFUSION ENGINEERS LTD
Unaudited Standalone Statement of Profit & Loss for the Quarter ended June 30 2024

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

Particulars	Quarter ended			Year ended
	30 June 2024 (Unaudited)	30 June 2023 (Audited)	31 March 2024 (Unaudited)	31 March 2024 (Audited)
Revenue				
Revenue from operations	672.61	612.24	691.65	2,571.26
Other income	27.23	14.69	27.91	71.94
Total Revenue	699.84	626.93	719.56	2,643.19
Expenses				
Cost of materials consumed	450.05	343.59	347.31	1,264.98
Purchases of stock-in-trade	42.17	27.72	61.63	185.55
Changes in inventories of finished goods and work-in-progress	(112.76)	(15.49)	(13.52)	(8.01)
Manufacturing expenses	84.16	75.48	95.12	333.40
Employee benefit expenses	95.16	81.66	91.35	345.51
Finance costs	6.07	5.87	2.95	16.94
Depreciation and amortization expenses	12.85	10.86	9.60	38.55
Other expenses	34.47	31.68	22.88	147.11
Total Expenses	612.18	561.37	617.31	2,324.05
Profit/(loss) before Exceptional Items and Tax	87.66	65.56	102.25	319.14
Exceptional Items	0.18		2.57	2.57
Profit/ (loss) before Tax	87.48	65.56	99.68	316.58
Tax expenses				
- Current tax	18.37	13.60	21.77	67.66
(Excess)/short provision of tax relating of previous years			-	
- Deferred tax	4.50	5.08	3.38	14.97
Total tax expenses	22.87	18.68	25.15	82.63
Net profit for the period	64.62	46.88	74.54	233.95
Other comprehensive income				
(i) Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the defined benefit plans	(2.02)	(0.76)	(0.43)	(1.99)
Income tax effect on above	0.46	0.17	0.10	0.45
(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 period, net of tax	(1.56)	(0.59)	(0.33)	(1.54)
Total comprehensive income / (loss) for the period	63.06	46.29	74.20	232.42
Earnings per equity share				
Earnings per equity share [nominal value of share Rs. 10/-]				
Basic (not annualized except for year end)	2.31	1.67	2.66	8.35
Diluted (not annualized except for year end)	2.31	1.67	2.66	8.35
The accompanying notes form an integral part of the standalone financial statements				



Notes to unaudited standalone financial results for quarter ended June 30th, 2024

1. The equity shares of the Company have been listed on National Stock Exchange of India Limited ("NSE") and on BSE Limited ("BSE") on October 4, 2024 by completing Initial Public Offer ("the IPO") of 93,55,000 equity shares of face value of Rs. 10/-each at an issue price of Rs. 168/-per equity share (including share premium of Rs. 158/-per equity share) aggregating to Rs. 1,571.64 million and 50,000 equity shares to employees of face value of Rs. 10 each and an issue price of Rs. 160/- per equity shares (including share premium of Rs. 150/- per equity share) aggregating to Rs. 8 million. Total amount aggregating to Rs. 1,579.64 million.
2. 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.
3. The above statement of standalone unaudited financial results for the quarter ended June 30, 2024, are drawn up for the first time in accordance with the requirements of Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, as amended.
4. The above unaudited standalone financial results for the quarter ended 30 June 2024 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 24th October 2024. The Statutory auditors have expressed unmodified review opinion on financial results for the quarter ended 30 June 2024 and have issued an unmodified opinion.
5. The Audited standalone Financial Results for the quarter ended March 31, 2024 is the balancing figures between audited figures in respect of the full financial year and the audited year to date figures of the third quarter of the respective period ended 31st December, 2023. The figures of quarter ended 30th June, 2023 are extracted from the audited Restated Financials.
6. As a result of the Management review mechanism, the Company has renamed segment from the quarter ended June 30, 2024 as "Welding Fabrication Technology and Engineering" which includes Manufacturing, Trading and Job Work.



7. 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 -24th October 2024



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Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE QUARTERLY UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF THE COMPANY

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 Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter ended June 30, 2024 ("the Statement") being submitted by the Parent 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 Parent's Management and approved by the Parent'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). A review of interim financial information consists of making inquiries, primarily of Parent'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.



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We also performed procedures in accordance with the 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:

- i. Diffusion Super Conditioning Services Private Limited
- ii. Nowelco Industries Private Limited
- iii. Diffusion Herson Adhesive and Sealant Private Limited
- iv. Diffusion Engineers Singapore Pte. Ltd.
- v. Diffusion Wear Solutions Philippines Inc.
- vi. Diffusion Eurasia Mühendislik Sanayi Ve Ticaret Anonim Sirketi

Associates:

- i. Mecdiff Sdn Bhd
- ii. 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 5 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.

Other Matters

6. We did not review the interim financial results of 6 subsidiaries and 2 associates included in the unaudited consolidated financial results, whose interim financial results reflect total revenues of Rs. 112.61 million, total net profit after tax of Rs. 10.17 million and total comprehensive income of Rs. 10.17 million for the quarter ended June 30, 2024, as



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considered in the Statement. These interim financial results of 6 subsidiaries have been reviewed by other auditors whose reports have been furnished to us by the Management, furthermore the interim financial results of the 2 associates have been certified by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the reports of the other auditors and management certified financial statement, and the procedures performed by us as stated in paragraph 3 above.

7. The statement includes the consolidated financial results for the preceding quarter ended 31st March, 2024, being the balancing figures between the audited figures of previous year in respect of full financial year and the audited year to date figures upto the third quarter ended 31st December, 2023.

Our conclusion on the Statement is not modified in respect of this matter.

For PGS & Associates

Chartered Accountants

Firm Registration Number: 122384W

UDIN: 24111592BKBIT43900

Premal Gandhi

Premal Gandhi

Partner

Membership Number: 111592

Place: Mumbai

Date: October 24, 2024



DIFFUSION ENGINEERS LTD
Unaudited Consolidated Statement of Profit & Loss for the Quarter ended June 30, 2024

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

Particulars	Quarter ended			Year ended
	30 June 2024 (Unaudited)	30 June 2023 (Audited)	31 March 2024 (Unaudited)	31 March 2024 (Audited)
Revenue				
Revenue from operations	710.82	658.46	739.44	2,781.45
Other income	28.02	15.22	29.46	74.17
Total Revenue	738.84	673.69	768.90	2,855.62
Expenses				
Cost of materials consumed	448.34	324.46	357.33	1,292.27
Purchases of stock-in-trade	49.49	47.80	61.63	185.55
Changes in inventories of finished goods and work-in-progress	(112.80)	(22.21)	(6.33)	(9.50)
Manufacturing expenses	89.38	92.29	112.27	388.18
Employee benefit expenses	99.79	84.99	96.02	360.56
Finance costs	6.20	6.04	3.12	17.55
Depreciation and amortization expenses	13.32	12.50	11.50	45.49
Other expenses	44.41	36.16	37.99	175.70
Total Expenses	638.14	582.03	673.52	2,455.81
Profit/(loss) before Exceptional Items and Tax	100.70	91.65	95.38	399.80
Exceptional Items	0.18		2.57	2.57
Profit before Tax and share of profit / (loss) of associates and joint ventures accounted for using the equity method	100.52	91.65	92.81	397.24
Share of profit / (loss) of associates and joint ventures	(1.87)	(3.79)	22.38	13.60
Profit before tax	98.65	87.86	115.19	410.84
Tax expenses				
- Current tax	21.44	20.24	20.01	87.86
(Excess)/short provision of tax relating of previous years	-		-	-
- Deferred tax	4.49	5.07	3.38	14.94
Total tax expenses	25.93	25.32	23.40	102.80
Net profit for the period	72.72	62.55	91.80	308.04
Other comprehensive income				
<i>(i) Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurements of the defined benefit plans	(2.02)	(0.76)	(0.43)	(1.99)
Income tax effect on above	0.46	0.17	0.10	0.45
<i>(ii) Items that will be reclassified to profit or loss in subsequent periods</i>				
Foreign currency translation of foreign operations		(0.36)	(1.90)	(2.13)
Other comprehensive income for the period, net of tax	(1.56)	(0.95)	(2.24)	(3.67)
Total comprehensive income / (loss) for the period	71.16	61.59	89.56	304.37
Profit attributable to:				
Owners of the Parent	72.33	62.23	91.74	306.59
Non-Controlling Interest	0.39	0.32	0.06	1.45
Other Comprehensive Income attributable to:				
Owners of the Parent	(1.55)	(0.94)	(2.21)	(3.63)
Non-Controlling Interest	(0.01)	(0.01)	(0.02)	(0.04)
Total Comprehensive Income attributable to:				
Owners of the Parent	70.78	61.28	89.52	302.97
Non-Controlling Interest	0.38	0.31	0.04	1.41
Earnings per equity share				
Earnings per equity share [nominal value of share Rs. 10/-]				
Basic (not annualized except for year end)	2.58	2.22	3.27	10.94
Diluted (not annualized except for year end)	2.58	2.22	3.27	10.94
The accompanying notes form an integral part of the standalone financial statements				



Notes to unaudited Consolidated financial results for quarter ended June 30th, 2024

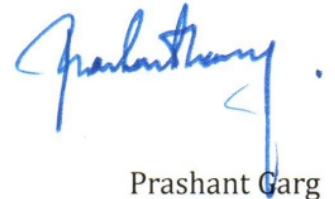
1. The equity shares of the Company have been listed on National Stock Exchange of India Limited ("NSE") and on BSE Limited ("BSE") on October 4, 2024 by completing Initial Public Offer ("the IPO") of 93,55,000 equity shares of face value of Rs. 10/-each at an issue price of Rs. 168/-per equity share (including share premium of Rs. 158/-per equity share) aggregating to Rs. 1,571.64 million and 50,000 equity shares to employees of face value of Rs. 10 each and an issue price of Rs. 160/- per equity shares (including share premium of Rs. 150/- per equity share) aggregating to Rs. 8 million. Total amount aggregating to Rs. 1,579.64 million.
2. These 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.
3. The above statement of consolidated unaudited financial results for the quarter ended June 30, 2024, are drawn up for the first time in accordance with the requirements of Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, as amended.
4. The above unaudited consolidated financial results for the quarter ended 30 June 2024 in respect of the company have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 24th October 2024. The Statutory auditors have expressed unmodified review opinion on financial results for the quarter ended 30 June 2024 and have issued an unmodified opinion.
5. The Audited consolidated Financial Results for the quarter ended March 31, 2024 is the balancing figures between audited figures in respect of the full financial year and the audited year to date figures of the third quarter of the respective period ended 31st December, 2023. The figures of quarter ended 30th June, 2023 are extracted from the audited Restated Financials.
6. As a result of the Management review mechanism, the Company has renamed segment from the quarter ended June 30, 2024 as "Welding Fabrication Technology and Engineering" which includes Manufacturing, Trading and Job Work.



7. 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 - 24th October 2024

