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CHARTERED ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors of
Diffusion Wear Solutions Philippines, Inc.

Opinion

We have audited the accompanying financial statements of **Diffusion Wear Solutions Philippines, Inc.** ("the Company"), which comprise the **Statement of Asset and Liability as at 31 March 2026**, and the **Statement of Comprehensive Income (including Other Comprehensive Income)** and the **Statement of Cash Flows** for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements:

- give the information required by the applicable financial reporting framework in the manner so required; and
- give a **true and fair view** in conformity with the accounting principles generally accepted in India (for consolidation purposes), of the state of affairs of the Company as at 31 March 2026, and its profit (or loss) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the **Standards on Auditing (SAs)** specified under Section 143(10) of the Companies Act, 2013, issued by the **Institute of Chartered Accountants of India (ICAI)**.

Our responsibilities under those Standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report.

We are independent of the Company in accordance with the ethical requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is **sufficient and appropriate** to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

The financial statements of the Company were originally prepared in **Philippine Peso (PHP)** and have been **translated into Indian Rupees (INR)** for the purpose of presentation and consolidation by the Holding Company.



- Assets and liabilities are translated at closing exchange rate
- Income and expenses are translated at average rates

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with applicable financial reporting standards.

This responsibility includes:

- Designing, implementing, and maintaining adequate **internal controls**
- Ensuring financial statements are **free from material misstatement**, whether due to fraud or error
- Selecting and applying appropriate accounting policies
- Making reasonable and prudent accounting estimates

Auditor's Responsibility

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

An audit involves:

- Performing procedures to obtain audit evidence
- Assessing risks of material misstatement (fraud or error)
- Evaluating internal controls relevant to financial reporting
- Evaluating appropriateness of accounting policies
- Assessing reasonableness of estimates
- Evaluating overall presentation of financial statements

Other Matter

The financial statements of the Company are prepared for the purpose of **consolidation with its Holding Company in India** and may not be suitable for any other purpose.



For CA PN Gupta

Chartered Accountant

Membership No.: 044161

Nagpur ,

Date: 04 May 2026

UDIN: 26044161JAUSOS1991





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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of Presentation

The Company maintains its books of account and prepares its statutory financial statements in accordance with the applicable laws and regulations of the Philippines, including **Philippine Financial Reporting Standards (PFRS)** and other relevant regulatory requirements.

Presentation in Indian Rupees (INR)

The Company's underlying accounting records and financial statements were originally prepared in **Philippine Peso (PHP)**.

For the purpose of presentation and consolidation by its Holding Company, the financial information has been translated from **PHP into INR**.

- **Assets and liabilities** are translated at the **closing exchange rate** as at the reporting date.
- **Income and expenses** are translated at **exchange rates prevailing during the period (average rate basis)**.
- Resulting **exchange differences** are recognized in accordance with applicable accounting standards.

b. Segment Reporting

The Company operates in a **single reportable segment and single geographical location**, and accordingly, segment reporting is not applicable for the periods ended 31 March 2026 and 31 March 2025.



c. Inventories

Inventories are valued at the **lower of cost or net realizable value**.

- Cost is determined using the **weighted average method**.
- Cost includes **materials, labour, and appropriate overheads**.
- Borrowing costs are not included in inventory valuation.
- Net realizable value represents estimated selling price less costs of completion and selling expenses.

Inventories include raw materials, work-in-progress, finished goods, traded goods, and goods in transit.

d. Trade Receivables

Trade receivables are recognized at **invoice value**, less provision for doubtful debts.

- Being short-term and non-interest bearing, carrying value approximates fair value.

e. Cash and Cash Equivalents

Cash and cash equivalents include:

- Cash in hand
- Bank balances
- Short-term deposits (≤ 3 months maturity)
- Other highly liquid investments

f. Trade Payables

Trade payables are recorded at **invoice value**.

- Due to their short-term nature, discounting impact is not material.

g. Foreign Currency Transactions

Transactions in currencies other than PHP are recorded at exchange rates prevailing on transaction dates.

- **Monetary items** → translated at closing rate
- **Non-monetary items at fair value** → translated at valuation date



- **Historical cost items** → not retranslated

h. Provisions, Contingent Assets and Liabilities

Provisions are recognized when:

- A present obligation exists
- Outflow of resources is probable
- Reliable estimate is available

Provisions are measured at best estimate and discounted where material.

i. Going Concern

The financial statements are prepared on a **going concern basis**, assuming the Company will continue its operations and meet its liabilities in the normal course of business.

j. Interest Income

Interest income and exchange differences related to commercial transactions are recognized under **Other Income**.

k. Property, Plant and Equipment (Tangible Assets)

Property, plant and equipment are stated at **cost less accumulated depreciation and impairment losses, if any**.

- Cost includes purchase price and directly attributable expenses.
- Depreciation is provided using the **Straight-Line Method (SLM)** over the **estimated useful lives of the assets**.
- Useful lives are based on management estimates and are broadly aligned with applicable accounting standards.
- Residual values, useful lives, and depreciation methods are reviewed annually.
- Assets under installation/construction are not depreciated until ready for use.



I. Borrowing Costs

Borrowing costs are recognized in accordance with applicable accounting standards:

- Costs directly attributable to acquisition/construction of qualifying assets are capitalized
- Other borrowing costs are expensed as incurred

m. Statement of Cash Flows

The Company prepares its cash flow statement using the **indirect method**, classifying cash flows into:

- Operating activities
- Investing activities
- Financing activities

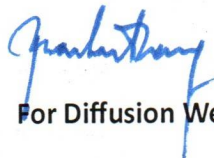
n. Foreign Currency Translation Reserve (FCTR)

The financial statements are translated from **PHP (functional currency)** to **INR (presentation currency)** for consolidation.

- **Assets and liabilities** → closing rate
- **Income and expenses** → average rate
- **Equity items** → historical rates

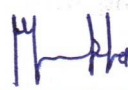
The resulting **translation differences** are:

- Recognized in **Other Comprehensive Income (OCI)**
- Accumulated under **Equity as Foreign Currency Translation Reserve (FCTR)**


For Diffusion Wear Solutions Philippines, Inc.

Date: 04 May 2026



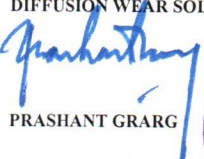

For CA P N GUPTA
Chartered Accountants
Membership No.: 044161
UDIN - 26044161JAUSOS1991

DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.
STATEMENT OF ASSETS AND LIABILITIES FOR THE PERIOD ENDED 31ST MARCH 2026
(Amount - INR in Millions, except per share data)

Particulars	As at March 31, 2026
ASSETS	
Non-current assets	
(a) Property, plant and equipment	9.79
(b) Capital work-in-progress	
(c) Intangible assets	
(d) Financial assets	
(i) Investments	20.03
(ii) Other financial assets	0.25
Total non-current assets	30.08
Current Assets	
(a) Inventories	38.29
(b) Financial Assets	
(i) Trade receivables	49.50
(ii) Cash and cash equivalents	1.04
(iii) Other bank balances	25.13
(iv) Loans and advances	
(v) Others financial assets	
(c) Other current assets	
Total current assets	113.96
Total Assets	144.04
EQUITY AND LIABILITIES	
Equity	
(a) Equity share capital	13.20
(b) Other equity	111.46
Equity attributable to equity holders of the Parent	124.66
(c) Non-controlling interests	
Total equity	124.66
Liabilities	
Non-current liabilities	
(a) Financial liabilities	
(i) Borrowings	
(ii) Other financial liabilities	
(b) Provisions	
(c) Deferred tax liabilities (net)	
Total non-current liabilities	
Current liabilities	
(a) Financial liabilities	
(i) Borrowings	
(ii) Trade payables	14.19
Total outstanding dues of micro enterprises and small enterprises	
Total outstanding dues of creditors other than micro enterprises and small enterprises	
(iii) Other financial liabilities	
(iv) Vat payable	5.15
(b) Provisions	
(c) Other current liabilities	
(d) Current tax liabilities (net)	0.05
Total current liabilities	19.38
Total Equity and liabilities	144.04
The accompanying notes form an integral part of the financial statements	

For and on behalf of the Board of Directors of
DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.

As per our report of even date


PRASHANT GRARG

Chairman of the Board/President

Place : Nagpur
Date - May 04, 2026



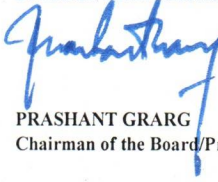

For CA P. N. Gupta
Chartered Accountants
Membership No. 044161
Nagpur,
Date - May 04, 2026
UDIN - 26044161JAUSOS1991

DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.
(A wholly-owned subsidiary of Diffusion Engineers Singapore Pte Ltd.)
STATEMENTS OF COMPREHENSIVE INCOME For the year ended 31st March 2026

(Amount - INR in Millions, except per share data)

Sr No	Particulars	Note	As on 31-03-2026
	Revenue		
I	Revenue from operations		230.07
II	Other income		7.56
III	Total revenue (I+II)		237.63
	Expenses		
IV	Cost of materials consumed		79.68
	Manufacturing expenses		62.93
	Employee benefit expenses		17.81
	Finance costs		0.12
	Depreciation and amortization expenses		7.83
	Other expenses		26.15
	Total expenses (IV)		194.53
V	Profit/(loss) before Exceptional Items and Tax (III-IV)		43.11
VI	Exceptional Items		
VII	Profit before Tax and share of profit / (loss) of associates and joint ventures accounted for using the equity method (V-VI)		43.11
VIII	Share of profit / (loss) of associates and joint ventures		-
IX	Profit before tax (VII+VIII)		43.11
X	Tax expenses		
	- Current tax		9.20
	(Excess)/short provision of tax relating of previous years		
	- Deferred tax		
	Total tax expenses		9.20
XI	Net profit for the year (IX-X)		33.903
XII	Other comprehensive income		
	<i>(i) Items that will not be reclassified subsequently to profit or loss</i>		
	Remeasurements of the defined benefit plans		
	Income tax effect on above		
	<i>(ii) Items that will be reclassified to profit or loss in subsequent periods</i>		
	Foreign currency translation of foreign operations		3.08
	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		3.08
XIII	Total comprehensive income / (loss) for the period (XI+XII)		36.98

For and on behalf of the Board of Directors of
DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.

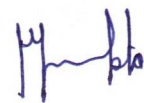

PRASHANT GRARG
Chairman of the Board/President

Place : Nagpur

Date - May 04, 2026



As per our report of even date


For CA PN Gupta
Chartered Accountants
Membership No. 044161
Nagpur,
Date - May 04, 2026
UDIN - 26044161JAUSOS1991

DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.
(A wholly-owned subsidiary of Diffusion Engineers Singapore Pte Ltd.)
STATEMENTS OF CASH FLOWS AS ON 31st MARCH 2026
(Amount - INR in Millions)

PARTICULARS	FY 2026
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income before Income Tax	43.11
Adjustments for:	
Depreciation Expense	7.83
Unrealized forex Loss	-6.28
Notional Income	3.08
Interest Income of bank deposits	-0.02
Operating Income before working capital changes	47.72
(Increase)/Decrease in:	
Trade and Other Receivables	19.17
Inventory	-7.40
Other Current Asset	-5.04
Increase (decrease) in trade and other payables	-41.72
NET CASH PROVIDED BY OPERATING ACTIVITIES	12.73
Interest Received	0.02
Prior period adjustment	0.00
Income Tax Paid	-9.20
Total for operating Activities	3.54
CASH FLOW FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	-7.83
Other noncurrent assets	6.28
Net Cash provided by Investing Activities	-1.56
CASH FLOW FROM FINANCING ACTIVITIES:	
Dividend paid	-
Net Cash provided by Financing Activities	-
NET INCREASE/DECREASE IN CASH	1.99
CASH BALANCE BEGINNING OF THE YEAR	24.19
CASH BALANCE, END OF THE YEAR	26.17

For and on behalf of the Board of Directors of
DIFFUSION WEAR SOLUTIONS PHILIPPINES, INC.

As per our report of even date


PRASHANT GRARG

Chairman of the Board/President
Place : Nagpur
Date - May 04, 2026




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