



**TRANSCRIPT OF 44TH ANNUAL GENERAL
MEETING OF
DIFFUSION ENGINEERS LIMITED**

CS Chanchal Jaiswal - Company Secretary, Diffusion Engineers Limited

Dear Shareholders, Directors, Invitees - Namaskar and A very good afternoon to all of you.

I, Chanchal Jaiswal Company Secretary and Compliance Officer of Diffusion Engineers Limited welcome you all to this 44th Annual General Meeting of company. The AGM is being conducted through Video Conferencing as permitted by Ministry of Corporate Affairs and Securities and Exchange Board of India ("SEBI Circular") vide various circulars in compliance with the provisions of the Companies Act 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Company has provided the facility for remote e-voting to all the persons who were members as on August 26, 2026 being the cut-off date to cast their votes electronically, on all resolutions set forth in the Notice. Remote e-voting was made available from Friday, September 04, 2026 at 9.00 a.m. (IST) and ended on Sunday, September 06, 2026 at 5.00 p.m. (IST). In order to get maximum participation of shareholders at the AGM, we have provided a facility for voting electronically at this meeting. This is a facility by which all the shareholders who have not voted through remote e-voting will be able to vote.

I request Mr. Prashant Garg being elected Chairman and Managing Director of the Company to commence the meeting. Mr. Prashant Garg is also the chairperson of Risk Management Committee and shareholder of company.

Mr. Prashant Garg – Chairman and Managing Director (CMD), Diffusion Engineers Limited

Good afternoon, Dear Members!

It gives me a great pleasure to extend a warm welcome to you all to the 44th Annual General Meeting of Diffusion Engineers Limited.

This meeting is being held through video conference in accordance with various circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India and the Company has taken all requisite steps to ensure that the Members are able to attend and vote at this meeting in a seamless manner. I would like to specially thank you all for sparing your valuable time and joining us virtually.

Before we start the main proceedings of the meeting, I would like to acknowledge the presence of:

Ms Chitra Garg, Non- Executive Director and Shareholder of company

Mr Nitin Garg, Non- Executive Director and Shareholder of company

Mr Anil Kumar Trigunayat, Independent Director

Mr Sherry Samuel Oommen, Independent Director & Chairman of Audit and Stakeholders Relationship Committee

Ms Deepali Sameer Bendre, Independent Director & Chairperson of Nomination and Remuneration Committee and Corporate Social Responsibility Committee

Mr. Abhishek Mehta, Chief Financial Officer and Shareholder of company and
Ms. Chanchal Jaiswal, Company Secretary and Compliance Officer and Shareholder of company

Apart from Board members and KMP's, we also have key executives and senior management joining from their respective locations.

We also have with us:

Mr. Premal Gandhi from PGS & Associates, Chartered Accountants, Statutory Auditors of the Company

Mr. Madhav Kawde, Secretarial Auditor of the Company

Mr. Ritesh Mehta from Chitaley Mehta & Associates, Chartered Accountants Internal Auditors of the Company.

Mr. Anil Verma, from M/s A. B. Verma & Co., Cost Accountants, Cost Auditor of Company

We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013.

The quorum being present, I call this meeting to order.

I now request and authorize Ms. Chanchal Jaiswal Company Secretary & Compliance officer, to provide general instructions to the members regarding participation in this meeting.

Chanchal Jaiswal, Company Secretary: Thank you, Sir.

The Company has taken all feasible efforts to enable members to participate through video conference and vote at the AGM. Members may note that this Annual General Meeting is being held through video conference in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, MOA & AOA, has been made available electronically on the website of the Company for inspection by the members during the AGM.

As the AGM is being held through video conference, the facility for appointment of proxies by the members was not applicable and hence the proxy register for inspection has not been made available.

The Company has received 5 requests from members within the due time as mentioned in the Notice of AGM to register themselves as speakers at the meeting and we have registered them.

The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by CDSL.

Please note that there will not be voting by show of hands.

Members are requested to refer to the instructions provided in the Notice, for seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers as mentioned in the Notice of AGM.

May I now request Chairman sir to address the members of the Company.

Prashant Garg, CMD:

Dear Stakeholders, it is an honour and a privilege to address you as Chairman of Diffusion Engineers after close to twenty-two years with this Company. FY26 was a defining year in which our long-term efforts became distinctly visible across our expanding order book, new manufacturing infrastructure, and the deepened trust of our clients.

Industry Dynamics and the Maintenance Advantage

India's core heavy industries are in the midst of a structural upcycle, and Diffusion Engineers is engineered specifically for this landscape. Cement capacities are expanding at a rate unseen in over a decade, steel output and capital additions are reaching record highs, power generation assets are being commissioned at an accelerated pace, and mining activity continues to intensify.

Across every sector we serve, the fundamental operational reality remains unchanged: the machinery must not stop. In modern industrial operations, unplanned downtime is no longer an operational inconvenience; it is a critical strategic liability. This principle defines our mission and validates the path we have walked since 1982.

Importantly, our business model is built to participate in economic expansions while remaining resilient during cyclical downturns. A substantial portion of our product portfolio consists of consumable items worn away during normal plant operations—including maintenance consumables, wear plates, ready-to-fit wear parts, and on-site refurbishment services. Grinding rollers, crusher liners, and wear components have finite operational lifespans and must be replaced regardless of whether new capital expenditure projects are underway. Consequently, we participate not only in India's industrial capex cycle but also in the steady, compounding maintenance economy of its expanding installed industrial base.

FY26 Performance and Operational Resilience

FY26 demonstrated strong commercial momentum across both domestic and export markets. As of 30 April 2026, our comprehensive order book reached Rs. 1,994.82 million—nearly doubling year-on-year, led predominantly by heavy engineering mandates. This growth reflects our clients' confidence in our metallurgical engineering, product reliability, and project execution.

Project execution for long-lead heavy engineering orders was phased across the year to align with heavy forging sourcing timelines and planned customer maintenance shutdowns, resulting in a higher share of revenue recognition in the second half. Our high proportion of repeat customers and balanced revenue profile continue to demonstrate the critical nature of our offerings and the strength of our client relationships.

The year also brought notable input cost volatility, particularly in critical raw materials such as tungsten. We successfully insulated our operations through structured pricing practices, immediate back-to-back procurement against fixed-price contracts, price-

variation clauses on staggered-delivery orders, and a strict policy against holding speculative inventory. Furthermore, our backward integration into in-house strip slitting reduced reliance on external suppliers for flux-cored wire manufacturing. Our operating margins held firm through the period, proving that our profitability gains are structural rather than driven by short-term commodity trends.

Evolution from Consumables to Lifecycle Solutions

Diffusion Engineers has evolved through a deliberate, capability-driven expansion. Beginning with special-purpose welding electrodes, we systematically expanded into flux-cored wires, composite wear plates, ready-to-fit wear parts, complete heavy engineering assemblies, and on-site industrial maintenance services.

Each phase has been an organic extension of our core foundation: welding metallurgy and alloy design.

Today, a cement plant, steel mill, or thermal power utility can procure the electrode, wear plate, fabricated mechanical equipment, and turnkey site repair service directly from us—all engineered with harmonised metallurgy. By serving the entire lifecycle of industrial equipment, from initial manufacturing materials to operating maintenance, we deliver greater value to customers, capture larger order sizes, and build enduring competitive advantages.

Capacity Expansion Ahead of Demand

For the past two years, our primary constraint was manufacturing capacity rather than market demand, with our consumable and wear plate lines running at peak utilisation. We have addressed this decisively through strategic, non-debt-funded capital investments backed by internal accruals and IPO proceeds.

Nimji Facility: We are doubling heavy engineering and wear plate capacity from 9,000 MT to 18,000 MT. The expansion includes a large fabrication shed, dedicated wear plate lines, and advanced machining infrastructure featuring CNC horizontal and vertical turning machines.

Hingna Facility: We commissioned a new 10 tonnes-per-day special welding electrode plant alongside an automated strip-slitting line, securing uninterrupted raw material supply for our flux-cored continuous wire lines.

The overall expansion program will be fully commissioned by Q2 FY27. While initial average capacity utilisation will mathematically reset lower as new bays come online, this investment equips us to undertake larger and more complex projects, accelerate order book conversion, capture greater manufacturing value in-house, and realize substantial long-term operating leverage.

New Platforms for Long-Term Growth

We continue to build strategic capabilities in high-entry-barrier sectors:

Railways: In addition to supplying wear liners for track maintenance and ballast cleaning machinery, we have progressed through technical qualification and facility audits for passenger coach and locomotive components.

Defence: Building on our supplies of flux-cored wires and armouring consumables to the Heavy Vehicle Factory, our strategic stake in Tejorup Sunmay Systems Pvt. Ltd.—a developer of indigenous man-portable air defence systems (MANPADS)—secures future manufacturing rights upon prototype approval.

International Expansion: Applying an asset-light, "services-first" model, we establish on-site engineering credibility before scaling product sales. Following success in the

Philippines, we are expanding this template across Turkey, our newly established UAE facility, Saudi Arabia, and over thirty-five export destinations worldwide.

Outlook and Priorities

As we enter FY27, our focus centres on disciplined execution: converting our robust order book, ramping new production lines to target utilisation, enhancing our mix toward high-value engineered solutions, and expanding domestic dealer reach across more than fifty industrial hubs. Supported by dedicated R&D and a solid balance sheet, we are well positioned to sustain our growth momentum.

On behalf of the Board, I thank our shareholders for their continued trust, our customers and partners for their enduring relationships, and our employees for their exceptional dedication. Together, we look ahead with confidence.

I now request and authorize Ms. Chanchal Jaiswal, to take the proceedings further. Thank you.

Chanchal Jaiswal. Company Secretary: Thank you, Sir.

The Statutory Auditors, PGS & Associates and Secretarial Auditor, Mr. Madhav Kawde have expressed unqualified opinion in their respective Audit Reports for the financial year 2025-26. There were no qualifications, observations or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company. The Statutory Auditors' report on standalone financial statements and consolidated financial statements are available on Page numbers 131 and 180, respectively, of the Annual Report. Secretarial Audit Report is enclosed as Annexure 4 to the Board's report on Page number 89 of the Annual Report.

As the Notice is already circulated to all the members, with permission, I take the Notice convening the meeting as read. Members may please once again note that there will be no voting by show of hands.

We now take up the resolutions as set forth in the Notice.

1. The first item on the agenda, as per the notice, to receive, consider and adopt the audited standalone financial statements of the Company for the financial year 2025-26 including Balance Sheet as at 31st March 2026, the Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors' thereon as an ordinary resolution.

2. The second agenda item as per the notice is to receive, consider and adopt the audited consolidated financial statements of the Company for the financial year 2025-26 including Balance Sheet as at 31st March 2026, the Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Report of the Auditors' thereon as an ordinary resolution.

The Company's accounts for the year ended 31st March, 2026 along with Director's and Auditors Report, a letter to the Shareholders and Management Discussion and Analysis Report have been circulated to you. As there were no qualifications, observations or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company, with permission, I take them as read.

3. The third agenda item as per the notice is to declare final dividend of Rs. 1.50/- (One Rupees Fifty Paise Only) per share on equity shares for the financial year ended 31st March 2026 as an Ordinary Resolution.

The Board has recommended final dividend of Rs. 1.50/- per equity share i.e 15% of the face value for the FY year 2025-26

4. The fourth item on the agenda as per the notice is to appoint a director in place of Ms. Chitra Narendra Garg (DIN: 01784644), who retires by rotation and being eligible, offers herself for re-appointment as an Ordinary Resolution.

Now, we will consider the Special business:

5. The fifth item on the agenda as per the notice, Ratification of Remuneration payable to Cost Auditor for Financial Year 2026-27 as an Ordinary Resolution.

6. The sixth item on the agenda as per the notice is Approval for revision in remuneration of Mrs. Neelu Garg, a related party holding office or place of profit in the company

Chairman Sir, 5 shareholders have registered themselves as Speakers within due time as mentioned in Notice of AGM. We will unmute the speaker's one by one. We will take questions, comments, of all the Speakers together and after all the Speakers have spoken, the respective officers of the Company will answer.

I request the moderator to unmute our first speaker, Mr. Santosh Kumar Saraf. Moderator, is Mr. Santosh Kumar Saraf available?

Moderator: Yes, unmuted

Santosh Kumar Saraf: Shareholder

Mr. Santosh Kumar Saraf raised questions concerning operating cash flow, receivable/inventory/payable days, free cash flow conversion, debt levels, project controls, ROCE/ROIC, ESG practices, female employee participation and future speaker identification procedures.

Chanchal Jaiswal, Company Secretary: Okay. Moving ahead with the next speaker, Mr. Sarvjeet Singh. I request the moderator to unmute Mr. **Sarvjeet Singh**

Moderator: Not available.

Chanchal Jaiswal, Company Secretary: Okay. Since Mr. Sarvjeet Singh has not joined the meeting, we will move to the next speaker.

The next speaker is Manjeet Singh. I request the moderator to unmute him.

Moderator: Not available.

Chanchal Jaiswal, Company Secretary: Okay. Moving ahead with the next speaker, Mr. Himanshu Trivedi. I request the moderator to unmute Mr. Himanshu Trivedi.

Mr. Himanshu Trivedi appreciated the AGM notice and Annual Report and raised questions concerning capital utilisation, capacity, growth guidance, margins, raw-material volatility, high-value engineering products and market share.

Chanchal Jaiswal, Company Secretary: Moving ahead with the next speaker, Mr. **Lokesh Gupta**. I request the moderator to unmute him.

Mr. Lokesh Gupta appreciated the Chairman's address and raised questions/comments concerning dividend policy, margins, market share and shareholder participation.

Chanchal Jaiswal, Company Secretary:

THANK YOU, all the speakers, for your Questions & Comments,
We have noted the questions and Comments of all the speakers.

For the convenience of the members of the Company, we have segregated all the questions and respective Director/KMP will answer them.
May I now request them to answer the queries.

Management Response:

The Management, including the Chairman and Chief Financial Officer (CFO), has duly considered the matters raised and has provided appropriate responses and clarifications in respect thereof.

Chanchal Jaiswal, Company Secretary: Thank you, Chairman, Sir. Dear shareholders, thank you for joining our 44th AGM today and for taking time to participate in today's AGM.

Members may note that the voting on the CDSL platform will continue to be available for the next 30 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board of Directors has appointed CS Amit Rajkotiya, Practicing Company Secretary, as the Scrutinizer to supervise the e-voting process. We had 59 members participating today in this 44th Annual General Meeting.
May I now request, Chairman Sir to conclude the Meeting

Prashant Garg, CMD: The formal business before this AGM is now concluded and I declare the proceedings as closed.

I hereby authorize Ms. Chanchal Jaiswal, the Company Secretary, to declare the result of the voting and place the results on the website of the Company within two working days from the conclusion of this 44th AGM. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

I once again thank each one of you attending this AGM today and wish you and your family members to stay safe and healthy.

Thank you very much and have a good day.