



Date: November 20, 2025

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,

Subject: Transcript of the Analysts/Institutional Investors Meeting / Call on Financial Results for the quarter and half year ended September 30, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call on Un-Audited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2025 held on Monday, November 17, 2025 at 04:00 p.m. (IST).

The above information is also available on the website of the Company i.e.
<https://www.diffusionengineers.com/investors-relation>

Kindly take the information on record.

Thanking You.
Yours faithfully,

For Diffusion Engineers Limited

Chanchal Jaiswal
Company Secretary and Compliance Officer
Membership no. A67136



DIFFUSION ENGINEERS LIMITED

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“Diffusion Engineers Limited Q2 and H1 FY26 Earnings Conference Call”

November 17, 2025



**MANAGEMENT: MR. PRASHANT GARG – CHAIRMAN AND MANAGING
DIRECTOR, DIFFUSION ENGINEERS LIMITED
MR. RAMESH KUMAR N – CHIEF EXECUTIVE OFFICER,
DIFFUSION ENGINEERS LIMITED
MR. ABHISHEK MEHTA – CHIEF FINANCIAL OFFICER,
DIFFUSION ENGINEERS LIMITED
MS. CHANCHAL JAISWAL – COMPANY SECRETARY
AND COMPLIANCE OFFICER, DIFFUSION ENGINEERS
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Diffusion Engineers Limited Q2 and H1 FY26 Earnings Conference Call.

This conference call may contain forward-looking statements based on the beliefs, opinions and expectations as on the date of this call. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that the conference is being recorded.

I now hand the conference over to Mr. Prashant Garg – Chairman and Managing Director from Diffusion Engineers Limited. Thank you and over to you, sir.

Prashant Garg: Good evening everyone and welcome to Diffusion Engineers Limited Earnings Conference Call for the 2nd Quarter and half year ended 30th September 2025. We are delighted to have you join us today. I am joined by Mr. Ramesh Kumar N – CEO, Mr. Abhishek Mehta – CFO, Ms. Chanchal Jaiswal – Company Secretary and Compliance Officer and our Investor Relations team from Adfactors PR.

The Investor Presentation and Media Release have been uploaded to the Stock Exchanges and are available on the website.

Before we dive into the quarterly performance and strategic development, let me briefly introduce our company for those of you who may be new to our story:

Diffusion Engineers Limited incorporated in 1982 and incorporated in Nagpur is one of India's leading engineering solutions providers specializing in welding consumables, wear plates and wear parts and heavy engineering equipment.

With over four decades of deep domain expertise, the company serves mission critical maintenance repair and industrial performance needs across core sectors such as cement, steel, power, mining, engineering and sugar. DEL has built a unique end-to-end integrated business model, one of the very few companies in India to manufacture specialized electrodes, flux-cored wires, composite wear plates, ready-to-fit wear parts and large heavy engineering equipment under a single platform. This vertical integration allows the company to ensure superior quality, enhanced cost efficiency and deliver high reliability to customers with demanding application requirements.

Company's products are essential for combating wear, abrasion and corrosion in heavy industrial operations. Its strong engineering capabilities support the manufacturing of critical equipment such as high-pressure blending rolls, industrial fans, air separators and wagon tipplers. Over 80% of revenues come from repeat customers reflecting long-standing relationships and deep customer confidence. DEL operates modern manufacturing facilities in

Nagpur providing a strategic logistical advantage for dispatching large industrial components across India. The company also maintains a global footprint exporting to (+30) countries across Asia, Africa, Middle East, Europe and North America.

With this IPO-funded capacity expansion underway, including new welding consumable capacities, enhanced wear plate output and a new heavy engineering facility, DEL is poised for the next phase of growth. The company is targeting significant scale-up over FY27-29, supported by current strong order inflows, operational excellence and a shift towards high-value engineering products. Diffusion Engineers continues to build on the legacy of innovation, reliable engineering and customer-centric solutions, positioning itself as a preferred partner for industrial performance and maintenance solutions in India and abroad.

Coming to our strategic and operational update:

We are pleased to share that Diffusion Engineers Limited has received significant orders in the last two quarters, further strengthening our order book and enhanced revenue visibility. Our healthy order book of over Rs. 170 crores driven by strong demand for Roll Press Rolls for cement sector and heavy engineering applications reflects the confidence that customers place in our engineering capabilities, product reliability and long-standing industry relationships. These developments position us well for sustained growth in the coming quarters.

With new capacities scheduled to come online by the end of FY26 and the completion of our ongoing CAPEX, we are targeting to double our top-line in the medium term. We are also expecting EBITDA margin expansion supported by economies of scale, improving operating leverage and an enhanced product mix driven by high-value manufacturing.

Looking ahead with robust order book, healthy demand across sectors and our operational initiatives, we are confident of delivering sustainable growth and improved profitability in the coming quarters. I extend my sincere gratitude to every member of the Diffusion family, our valued clients, creditors, bankers, financial institutions and all other stakeholders. Your trust and support continue to inspire us to strive harder and achieve greater milestones. As always, our core values such as engineering excellence, customer commitment and long-term stakeholder value guide through our journey.

With that now, I would like our CFO – Mr. Abhishek Mehta to take you through Q2 and H1 FY26 financial performance.

Abhishek Mehta:

Thank you, Prashant sir. I will now walk you through our Financial Performance for Q2 and H1 FY26.

Standalone financial performance highlights for quarter-ended FY26:

Revenue from operations for financial year was Rs. 799.61 million in Q2 FY26 as against Rs. 743.15 million in Q2 FY25. YoY increase of 7.60%. The company has delivered a strong set of results showcasing continued growth. EBITDA excluding other income was at Rs. 111.86

million in Q2 FY26 as against Rs. 108.78 million in Q2 FY25 increase of 2.83%. EBITDA margin excluding other income for the quarter stood at 13.99%. Profit after tax stood at Rs. 99.13 million in Q2 FY26 as compared to Rs. 87.16 million in Q2 FY25. YoY increase of 13.74%.

Standalone performance highlights for half-year ended Q2 2026:

Revenue from operations for financial year was Rs. 1533.33 million in H1 FY26 as against Rs. 1415.76 million in H1 FY25. YoY increase of 8.30%. The improvement was driven by enhanced operational efficiency and improved execution capability supported by higher order inflow and better capacity utilization. EBITDA excluding other income was at Rs. 198.40 million in H1 FY26 as against Rs. 188.13 million in H1 FY25 increase of 5.46%. EBITDA margin excluding other income for financial year ended stood at 12.94%. Profit after tax stood at Rs. 241.16 million in H1 FY26 as compared to Rs. 151.78 million in H1 FY25. YoY increase of 58.89%.

Consolidated performance highlights quarter ended 30th September 2025:

Revenue from operations for financial year was Rs. 835.66 million in Q2 FY26 as against Rs. 824.67 million in Q2 FY25. YoY increase of 1.33% reflecting a year-on-year improvement and a solid base for future expansion. EBITDA excluding other income was at Rs. 123.67 million in Q2 FY26 as against Rs. 126.82 million in Q2 FY25. EBITDA margin excluding other income for the quarter stood at 14.80%. Profit after tax stood at Rs. 101.65 million in Q2 FY26 as compared to Rs. 85.07 million in Q2 FY25. YoY increase of 19.49%.

Consolidated performance highlights half year ended 30th September 2025:

Revenue from operations for financial year was Rs. 1642.31 million in H1 FY26 as against Rs. 1535.50 million in H1 FY25. YoY increase of 6.96%. EBITDA excluding other income was at Rs. 229.49 million in H1 FY26 as against Rs. 219.04 million in H1 FY25, increase of 4.77%. EBITDA margin excluding other income for half year stood at Rs. 13.97%. Profit after tax stood at Rs. 224.30 million in H1 FY26 as compared to Rs. 157.80 million in H1 FY25. YoY increase of 42.14%.

With that, I now open the floor to any questions you may have. Thank you for your time and continued support.

Moderator:

We will now begin the question-and-answer session. The first question comes from the line of Suyash Bhawe from Wealth Guardian.

Suyash Bhawe:

In the previous call, we had indicated that Q2 and Q4 are our stronger quarters. In this quarter, we had a relatively flattish top line on both QoQ and YoY basis. Are we facing any execution or demand related issues? Can you throw some more color in this context?

- Prashant Garg:** You have asked about two things. One is demand related issues and execution related issues. Demand, we are in fact, if you see our order book vis-à-vis last year and even at the end of the last quarter and end of the last financial year, it significantly improved. As far as execution is concerned, so we are not seeing any problem with the demand related issues and going forward we are seeing further improvement of the order book. Now, coming to the execution bit, if you see H1 numbers last year versus H1 numbers this year, there is a certain portion in our offering which is called as roller press rolls. Now, typically we have a current order book of (+) 100 crores of roller press rolls, but these orders take time for execution because it involves sourcing of heavy forgings which have a long lead time from Europe. And by the time they come to us, and we do further value addition, it's a lead time of 8 to 9 months, sometimes extending up to 10 months. So, some of these orders which H1 last year we had executed close to 20 crores worth of these orders last year, it has not contributed as much in this H1, but we are seeing that in the course of execution, these numbers will start coming in the Q3 and Q4. So that's why Q2 looks flattish this year. But other parts of the business has shown improvement and it's only mainly because of the reduction in the roller press orders that Q2 has come out to be flattish.
- Suyash Bhawe:** Regarding the order book, so yes, we have a very robust order book growth in this H1, almost 100 crores of new orders, and mainly led by the heavy engineering vertical. Have we taken in these orders for good margins or did we have to adjust our margins to secure these orders? And in general, going forward, do you see the revenue mix tilting more towards heavy engineering division?
- Prashant Garg:** The reason why heavy engineering looks bigger in the total order book is because the heavy engineering comes with a longer lead time, whereas welding consumables comes with a shorter lead time and wear plates and wear parts are in between these two segments in terms of lead time. Now coming to your part of the question regarding the margins to book these orders. These orders have come in as a result of the work that we've been doing over the last 3-4 years. So, the total order book stands at close to 209 crores, out of which 170 crores is from heavy engineering. Now, a large chunk of this comes from the initiatives that we have taken last 3-4 years back, and we deliver those items in the industry, and they started performing and the customer has come back and ordered for more. So, we don't see any reduction in the margins for these orders and going by the current raw material price spends, in fact, if anything, the margins are going to be slightly better only in comparison to what we had executed them before.
- Suyash Bhawe:** One last question. Going forward, we don't see a major trade towards heavy engineering as in it will still be an equal revenue mix or would it be a more heavy engineering dominated mix?
- Prashant Garg:** The industry is also moving away from buying just products towards wear plates and wear parts and also going towards heavy engineering because when we just sell welding consumables, it requires the end-user to hire skilled labor to apply these consumables on their industrial equipment. So, clearly, the direction in which the industry is moving involves sourcing of more and more of wear plates, wear parts services as well as heavy engineering and therefore, the increase in the business coming in from heavy engineering, wear plates and

wear parts will be far more, the growth there will be faster than the growth in the welding consumables business.

Moderator: The next question is from the line of Sunil Jain from Nirmal Bang Securities.

Sunil Jain: My question relates to expansion. Can you talk about the status of both the expansions?

Prashant Garg: We have expansions going on at two sites. One is at Nimji plant, and the second one is at B33. I will start with Nimji first. So, in Nimji we are almost at the plinth level in the construction phase of our new facility that we are expanding behind our existing facility. The erection is going to start from this week onwards and we are expecting to finish the building by the end of the Q4. Already, as far as the electrification is concerned, we have got the necessary approvals. The order for high-tension items have been placed, and they are in advance stages of execution. Also, the most important thing in our facilities are overhead cranes. So, they are also in advanced stages of production, and we are expecting deliveries to start from the month of January. So, by the time building starts getting ready, the cranes will also be erected and ready. So, we are expecting that the plant should be up and by the end of Q4 and we are on track for that. We have all the necessary approvals for that.

As far as B33 is concerned, we have already received the 10-ton extruder to increase our manufacturing capacity. We have also received a slitting line. So, both these plants are expected to go online from this month onwards, from November 2025 onwards. And we have already started using the space for testing of our building equipment which we sell also in our product line. So, B33 is also going as per our planned activities. Only the office block that we wanted to make in B33 that we are still yet to start, but we don't foresee any delay in the benefits that we get out of it because it's finally an office block and currently we have enough office space in our facility. But as far as production activities are concerned, they are on track to be online by November within this month in B33 and in Nimji plant by Q4 2026. One more point I wanted to add was that we have already received the 1.4-megawatt solar rooftop plant at our site and that also should get live latest by January end or February in Nimji plant.

Sunil Jain: For the main Nimji plant, are we started booking order or still there is some time for that?

Prashant Garg: This heavy engineering order, after the expansion is over, the entire plant will become seamless. The existing plant and the new plant and the heavy engineering order that we have will start immediately getting executed in the new space that we are creating behind the existing plant. And some of the machines for the new plant has already been installed in our existing plant temporarily so that we are not waiting for the new facility to come live before we start producing. So, those things have also been taken. And this 200-crore order book that you see, a good portion of this order book will start getting executed in the new plant. We don't need separate approvals from our customers to get that plant validated because, as I mentioned, it will be seamless with the old plant. So, it will be considered as an extension of the same facility. So, we will save on that time to start executing orders there.

- Sunil Jain:** From this expansion of Nimji, are we likely to get any revenue in the current year or it will be starting from the next year?
- Prashant Garg:** Predominant contribution will come from the next year onwards. But as I mentioned, the few machines that we've been able to accommodate in our existing plant which was originally planned for the new plant that has started contributing. They've come live only from October mainly. So, that will start contributing in this year also. So, some contribution will come but majority of it will come in the next year only.
- Sunil Jain:** The order book which we have of around 200 crores, what could be the execution timeline for the same?
- Prashant Garg:** I think only the OE orders and the roller press orders for which there are scheduled deliveries, that will go in the next year, which is approximately about (+) 80 crores, will go for the next year. The balance has to be executed within this year out of the 209 crores.
- Sunil Jain:** If you can talk about the demand scenario, that's my last question.
- Prashant Garg:** We see increased industrial activity on account of the expansion going on in the steel mining and the cement sector. There is robust demand for new equipment in these four industries. So, the business that we supply to for the new project built is seeing substantial increase. Also, the fact that we've been able to develop capabilities in the mining sector and in the aluminium sector, as we mentioned before, we are seeing more inquiries and requests for quotations from those sectors also, because we've been successful in supplying them large equipment such as crushers and wagon tipplers. So, those sort of inquiries have also started coming in. We've added some new customers in the mining sector. This is as far as the new project build business is concerned, which if you remember is not more than 25% of the total business. As the industrial output increases in the core sectors, the OPEX budgets have also increased. So, the demand for spare parts, maintenance, services and consumables to keep the plant up and running has also gone up significantly. Of course, there is a lot of consolidation which has happened in the industry which is good because if you supply in one plant, you can immediately get inquiries from the other plant. But also, it increases competition because there are fewer customers because of consolidation and all the suppliers are focusing on that. So, as far as the OPEX part of the business is concerned, where our products are getting consumed for the operational and running of the plant, roughly 75% of our turnover comes from that, we are seeing increased activity there also. And we see this increase in demand getting sustained over the period of short to medium term.
- Moderator:** The next question is from the line of Parth Patel from Patel Investments.
- Parth Patel:** The first question is that if you see quarter-on-quarter, your finance cost went down, and it came up again by about 2 million this quarter. So, is this working capital loan or is this long-term loan that we have taken?

- Abhishek Mehta:** This is a working capital loan which we have taken. We don't have any term loan in this financial year.
- Parth Patel:** Secondly, I had a question on the order book, what is the sustainable level of order book that we are planning to have over the next few quarters?
- Ramesh Kumar:** As earlier question Mr. Prashant was saying, the core industry is considerably growing. So, we don't see a big downfall as far as order backlog is concerned after the quarter, after the quarter. But definitely, it will be little less because in the Quarter 2, if you see specifically, we have got almost about 170 crores which also contributed by the roller press roll what Mr. Prashant has said earlier. So, there may be a slight reduction in backlog, but definitely it will not be too much reduction, what I can say.
- Parth Patel:** If we take from a level of 200 crores, so it will be around 170-180?
- Ramesh Kumar:** Maybe 170-180. That kind of thing I think we should be in a position to maintain for next couple of quarters.
- Parth Patel:** The last thing is that you have reiterated that you will be seeing a double-digit growth 2026 and 20%-25% growth for 2027. I wanted to see what are the chances and what are the strategies you have in place to achieve that?
- Prashant Garg:** The most important thing is that we need to have the orders to be able to sustain the double-digit growth. So, that clearly you can see from our order book that we have a substantial order book. Second is, the order book needs to align with the quarterly performance and the quarterly delivery so that quarter-on-quarter or yearly at least there is an increase that we are promising. So, as I mentioned, out of the 209 crores, 80 crores odd is planned for the next year. The balance 130 crores is already in the bag, and we are still at November mid. So, we still have four and a half months to go for taking new orders and executing in this year. So, we have the order book. We have also got enough time left to be able to execute and the long lead orders that had come in the Q2 and Q1 are now getting ready for deliveries in Q3 and Q4. So, all of that will contribute and that will help us enable achieve that number. Also, the fact that the new electrode facility will come live now. The graphite machines that we have added in our existing space which is planned for the new space has also come live. We are adding one more machine because there is a limitation of space, but we are able to accommodate one more graphite machine which will add to the production capability and turnover which will be visible in Q3 and Q4. So, we are confident that what we have been claiming, we will be able to achieve by the end of this year.
- Parth Patel:** I wanted to ask what is the current capacity utilization we are at and now as you are mentioning that there is a sort of a lack of space. So, once the new machine is set in, how are we planning to expand the capacities going forward? Is there going to be a land acquisition or any third-party contracts that you are going to look at?

Prashant Garg: The moment we try to outsource our manufacturing activities; we will lose out on margin and more than the margin the quality is a question mark. And that is how Diffusion has developed its capabilities and is basically investing in an in-house facility. So, we don't believe so much in third-party contracting especially for our core manufacturing such as electrodes, wires, and wear plates, and heavy engineering. But coming to the expansion, so we have 30 acres land in that premise where we are putting up the new workshop. So, land shortage is not a problem. It's just the space, the factory shop floor space that needs to get ready so that the space is available. So, the moment that happens once we have more space available, then obviously our fabrication and manufacturing capabilities will increase significantly, and we will have more space to execute these orders. And in the existing space, whatever maximum we can accommodate, we are accommodating. We are not waiting for the new facility to get ready. That's what I meant to say.

Parth Patel: One last question. Once you run out of the workspace over here and you start building another workspace and bringing in all the machinery, what would be the average time it takes to start it running and what would be the cost that we would have to incur?

Prashant Garg: The time basically from concept to build is anywhere between 8 to 9 months from thinking about expansion till the expansion gets ready. And money, of course, depends on the size of expansion that we are doing. Current investment that we are doing is roughly around 70 crores in the heavy engineering area in Nimji plant. And that is almost doubling our current capacity. So, we don't foresee another such expansion immediately within the next 2 or 3 years. Even if some expansion needs to be done, it will be only maybe half of it. Going by that roughly anywhere between 30 to 40 crores should be enough to carry out at least half of this expansion going forward. Of course, as we mentioned before, we don't have any long-term loan and any term loans. So, we have the financial capability. If the market need is there we can, of course, expand more if required as the land is already there with us.

Parth Patel: I think we have enough reserves for this also.

Prashant Garg: Yes.

Moderator: The next question is from the line of Suyash Bhavne from Wealth Guardian.

Suyash Bhavne: In our AR as well, we had mentioned about getting into more client verticals, defence, mines and railways. Any color on that? Any progress update or any orders we may have received there?

Prashant Garg: Mining, we have added a very prestigious new OEM, and we are in advanced stages of executing one significant order for them. We are already in inspection stages after the manufacturing is in advanced stages. And from the existing OEM for which we have made a big investment, called as the Tandem Wagon Tippler, we have received new orders and there are more talks for subsequent requirements from them. So, mining OEMs business has started increasing and we are seeing a good pipeline of inquiries as well as business, not just inquiries

coming from there. Railways, we got a couple of contracts for making parts of the Vande Bharat train parts, some critical parts for them. We were able to come L1 in a couple of opportunities and now that thing is under order placement and there are further discussions going on on that front. The existing business in railways is also increasing, whereas we were supplying some wear liners for their ballast cleaning machines. These are basically track maintenance machines. So, that versatile business which was there is still there and it's increasing. And defence, of course, we are participating in requirements for welding consumables for armouring applications. The earlier order which we had got, I think in Q4 last year or Q1 this year is in the final stages of execution. So, it was an order for 65 tons of welding consumables and it's in the last stage of its execution which we get over before the end of this financial year. There are new opportunities that we've identified in defence, but we will definitely share that once it comes to fruition.

Moderator: The next question is from the line of Vikram, an Individual Investor.

Vikram: A question in terms of your guidance where you talk about medium to long term and doubling revenues. Do you have a time frame in mind? Because that is pretty broad in terms of medium to long term.

Prashant Garg: We expect to do that in 3 to 4 years.

Vikram: Any sense of where we will end FY26? Because you did mention that we've got orders worth about 130 crore, give or take, in addition to the 160 odd that we've done in the first half. Then, of course, you've got nearly four and a half months in terms of winning new orders. Any broad sense of where we'd like to achieve for FY26?

Prashant Garg: We will maintain our outlook of maintaining double digit growth.

Vikram: Because again, double digit is very broad. So, I just wanted to get some color.

Prashant Garg: We would be in mid to late teens.

Vikram: Final question on operating leverage, you did mention the fact that some of the new orders are coming in and potentially they could be at slightly better margins given where raw materials are, etc. Obviously, with scale, we will get operating leverage as well. What is a sensible EBITDA margin range that we should work with?

Prashant Garg: Anywhere between 15% to 17%.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management, Mr. Prashant Garg – Chairman and Managing Director from Diffusion Engineers for closing comments. Over to you, sir.

Prashant Garg: Thank you all for your participation and insightful questions. As we move to FY26, we remain focused on execution innovation and scaling sustainably. I would like to express my gratitude

to our dedicated team members, valued clients, suppliers, bankers, and all stakeholders who continue to place their trust in us. For any further information, please feel free to connect with our investor relations team. Thank you and have a great evening ahead.

Moderator: Thank you on behalf of Diffusion Engineers Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.