Date: November 10, 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,

Subject: Transcript of the Analysts/Institutional Investors Meeting / Call on Financial Results for the quarter and half year ended September 30, 2026

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, 2026 held on Thursday, November 05, 2026 at 01:00 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 Rajesh Jaiswal
Digitally signed by Chanchal Rajesh Jaiswal
Date: 2026.11.10 13:00:58 +05'30'

Chanchal Jaiswal
Company Secretary and Compliance Officer
ICSI Membership no. A67136

"Diffusion Engineers Limited

Q2 FY27 Earnings Conference Call"

November 05, 2026

MANAGEMENT: MR. PRASHANT GARG – CHAIRMAN AND MANAGING DIRECTOR – DIFFUSION ENGINEERS LIMITED
MR. ABHISHEK MEHTA – CHIEF FINANCIAL OFFICER – DIFFUSION ENGINEERS LIMITED
MS. CHANCHAL JAISWAL – COMPANY SECRETARY AND COMPLIANCE OFFICER – DIFFUSION ENGINEERS LIMITED
ADFACTORS PR – INVESTOR RELATIONS TEAM – DIFFUSION ENGINEERS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Diffusion Engineers Limited Q2 FY27 Earnings Conference Call. 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 assistance during the conference call, please signal an operator by pressing star then 0 on your touchtone phone.

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

Prashant Garg: Good afternoon everyone and welcome to Diffusion Engineers Limited earnings conference call for the 2nd quarter and half year ended 30th September 2026. I am joined today by Mr. Abhishek Mehta, our CFO, Ms. Chanchal Jaiswal, our Company Secretary and Compliance Officer, and our Investor Relations team from Adfactors PR.

Thank you for taking the time to join us today. The investor presentation and media release have been uploaded to the stock exchanges and are also available on our website. I will begin by discussing the broader industry environment, followed by the company's business performance, key developments, and outlook.

Thereafter, Abhishek will take you through the financial performance in greater detail. Industry environment. Let me begin with the broader economic environment. India continues to grow at a healthy pace and remains one of the fastest-growing major economies globally. The country's infrastructure development, manufacturing expansion, and sustained government spending continue to create opportunities across core industrial sectors.

We are also witnessing encouraging momentum in India's core industries. According to the latest data released by the Ministry of Commerce and Industry, the output of 9 core industries recorded a growth of 7.9% in September '26, compared with 5.9% in August '26. This represents the highest growth in the past 30 months under the new series. The growth was broad-based, with 6 out of 9 core industries reporting positive growth.

Iron ore production increased by 18.4%, electricity generation by 11.4%, coal production by 10.7%, refinery products by 10.3%, cement by 9.8%, and steel by 4.9%. These trends are particularly encouraging for us as cement, steel, power, mining, and other process industries are among our key end-user sectors. Continued infrastructure investment and industrial activity create demand for specialized welding consumables, wear protection products, heavy handling equipment, and maintenance solutions.

Business performance and momentum. Coming to our business, we have delivered a strong performance during the quarter, with consolidated revenue from operations growing by 50.7% year-on-year to INR125.93 crores. This growth reflects healthy demand across our business segments, supported by a strong opening order book and improved execution.

We have witnessed encouraging business momentum across heavy engineering, wear plates, wear parts, and welding consumables. Our diversified business model along with long-standing

customer relationships and focus on specialized engineering solutions continues to support our growth.

Our consolidated order book stood at INR226.79 crores as on September 30th, 2026, compared with INR174.1 crores as on March 31st, 2026. This represents an increase of approximately 30.3% since the beginning of the financial year. On top of the increased execution, we continue to see healthy order inflows across our key business segments, providing good visibility for the upcoming quarters.

While business momentum remains encouraging, the operating environment continues to present certain challenges. Geopolitical uncertainties, disruption in global supply chains have resulted in an increase in input costs, particularly for certain raw materials and specialty ferroalloys and metals. Energy costs have also risen, adding to the overall cost pressures.

These factors have had an impact on our operating margins during the quarter. We are closely monitoring the situation, focusing on procurement efficiencies, cost optimizations, and better utilization of resources to manage these pressures, and also passing on the cost increases to our customers.

On the capacity expansion front, I am pleased to share that the major capital expenditure undertaken by the company is now nearing completion. The new manufacturing infrastructure capacities are being operationalized in a phased manner and are expected to progressively contribute to our business.

These investments will further strengthen our manufacturing capabilities, improve operational efficiencies, and support our ability to undertake larger and more complicated specialized orders. As utilization improves, we expect these capacities to contribute meaningfully to the company's growth in top line as well as bottom line in the coming years. Alongside capacity expansion, we continue to place strong emphasis on product development and innovation.

Our R&D team is constantly working on developing new solutions and improving existing solutions to address the evolving requirements of customers across cement, steel, power, mining, and other industries. Our objective is to move further up the value chain by offering differentiated, technology-driven, and value-added engineering solutions.

Going forward, our strategic priorities remain centered around 3 growth engines, that is commissioning and ramping up of our expanded manufacturing capabilities, strengthening our core business, and developing new solutions and products and value-added solutions. At the same time, we are exploring opportunities to leverage our manufacturing engineering capabilities in adjacent sectors.

Railways is one such area where we are progressing through the development and qualification process, and recently we have received the qualification to manufacture loco shells for Indian Railways. We are also exploring opportunities in the defence sector where our engineering and manufacturing capabilities can be effectively leveraged. While these opportunities have longer

gestation cycles, we believe that successful qualification participation can meaningfully create opportunities over the medium term.

Importantly, these initiatives are extensions of our existing capabilities and are not being pursued at the expense of our core business. We remain focused on strengthening and establishing our business segments while building additional growth avenues for the future. Looking ahead, we remain optimistic about the medium and long-term outlook. India's infrastructure and manufacturing growth combined with the increasing need for equipment reliability, wear protection, and operational efficiency provides a favourable business environment for us.

While geopolitical uncertainties, commodity price volatility, and rising energy costs remain areas that we need to monitor, our strong order book, diversified business portfolio, and expanding manufacturing capabilities and continued product development provide a solid foundation for future growth.

Our focus will remain on timely execution, improving capacity utilization, strengthening customer relationships, and delivering sustainable and profitable growth.

With that, I would now request Abhishek to take you through the financial performance for the quarter and half year ended 30th September 2026. Thank you.

Abhishek Mehta: Thank you, Prashant sir, and a very good afternoon to everyone. Now I will take you through the financial performance of the company for the second quarter and half year ended 30th September 2026.

I will begin with our consolidated financial performance. Consolidated financial performance for Q2 FY27. The company has delivered a strong performance during the quarter, supported by healthy demand, higher execution, and robust order book. Revenue from operations stood at INR1,259.34 million in Q2 FY27 as compared to INR835.66 million in Q2 FY26, registering a Y-o-Y growth of 50.70%. EBITDA excluding other income and share of profit or loss in associates and JV increased by 34.51% to INR166.35 million compared to INR123.67 million in the corresponding quarter last year.

EBITDA margin stood at 13.21% compared to 14.80% in Q2 FY26. This moderation in margins has been due to increase in raw material and other input costs along with higher energy, logistic costs, and increase in overall cost environment.

Profit before tax increased by 20.30% to INR152.20 million, while profit after tax grew by 25.46% to INR127.53 million compared with INR101.65 million in the corresponding quarter last year. Now taking you through the financial performance of H1 FY27 for the consolidated numbers.

Moving with half-year performance, revenue from operations increased by 43.73% to INR2,360.42 million compared to INR1,642.31 million in H1 FY26. EBITDA increased by 34.16% to INR307.89 million, while EBITDA margin stood at 13.04% compared with 13.97% in the corresponding quarter last year. Profit before tax grew by 25.57% to INR353.56 million,

while profit after tax increased by 31.21% to INR294.30 million. EPS for the half year stood at 7.84%.

Overall, the first half performance reflects healthy business growth and improved execution, while profitability continues to be influenced by prevailing input cost environment. Now I'll take you to the standalone performance. On standalone basis, revenue from operations for Q2 FY27 stood at INR1,080.78 million, registering a growth of 35.16% year-on-year. EBITDA increased by 12.76% to INR126.14 million, with an EBITDA margin of 11.67%.

Profit after tax stood at INR152.38 million compared with INR99.13 million in Q2 FY26. For H1 FY27, standalone revenue from operations grew by 33.04% to INR2,039.91 million, while EBITDA increased by 24.83% to INR247.68 million with an EBITDA margin of 12.14%. Profit after tax stood at INR252.17 million.

Coming to our order book position, our order book as on 30th September stood at INR2,267.93 million, with heavy engineering contributing INR1,778.52 million, wear plates and wear parts INR249.62 million, and welding consumables INR249.79 million. This strong order book provides us healthy visibility for the coming quarters and reflects continued demand across our key business segments.

As Prashant sir has already mentioned, the current geopolitical environment has resulted in volatility in raw material prices and supply chain costs. We are continuing our focus on procurement efficiencies, better cost management, operational productivity, and improved capacity utilization. Our objective is to progressively mitigate these cost pressures while maintaining our growth momentum and profitability.

Our major capacity expansion initiatives are nearing completion, with the new facilities being operationalized in a phased manner. These investments are expected to support higher manufacturing capacity, improve efficiencies, and provide the ability to execute large and more specialized orders.

As these capacities ramp up, we expect them to contribute progressively to revenue growth and operating leverage. Continued development of new products and value-added solutions will further strengthen our business capabilities. Overall, we remain focused on profitable growth, disciplined execution, working capital efficiency, and strengthening our financial performance.

With this, I conclude our financial overview and would like to thank everyone for their continued interest and support. And I would also like to wish Happy Diwali to all. Now we can open the floor for questions and answers.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Kunal Mehta from InCred Equities. Please go ahead.

Kunal Mehta: Yes, hi, very good afternoon, sir. Prashant sir and Abhishek sir. And congrats on the amazing set of numbers, the revenue growth has been fantastic. My question is actually on the margins.

I think Y-o-Y definitely the margins, like the raw material cost has gone up, but I think sequentially it is slightly better.

So, are we seeing some kind of bottoming out of -- I mean not bottoming as in like topping out of the tungsten prices or any critical materials that you're trying to procure? And we see normalizing prices going ahead in the next couple of quarters.

Prashant Garg: Yes, so what has happened is since the prices have increased, we were also able to now pass on these prices to the customers. And also, the price increase which has happened is sort of accepted across the industry by the customer. So initially, whenever there is a price increase, there's always a pushback, but that acceptance has come in. So, we've been able to pass on some price increase to the customer. And also, some of the raw materials like tungsten, which had really skyrocketed, have again to some extent come down.

They've of course not come down to the original price levels which were there before the Middle Eastern war, but there has been some rationalization. So, a combination of these 2 reasons I think will help us now consolidate our margins going forward.

Kunal Mehta: And along with also increasing our capacity for flux-cored wires and other welding consumables, do we see more margin benefit going ahead in the next couple of years?

Prashant Garg: Yes. So, there are gross margins that we're talking about, and then there are net margins that we're talking about. Of course, with the increased utilizations and production activity, other fixed costs are getting spread over a larger number of units, and therefore there is better realization in the net margin level. And of course, in the gross margin level, as our procurement quantities will increase, we are able to negotiate better deals with our suppliers. And as price increases are getting stabilized and getting passed on to the customers, we believe that our gross margin should also increase.

Kunal Mehta: Okay. Just one question, second question on the segmental revenue for the first half and for this quarter. If you can provide maybe a percentage of the INR125 crores revenue for this quarter, what is the percentage of executed orders of heavy engineering, wear plates, wear parts and welding consumables?

Prashant Garg: So, we have seen growth in all the 3 segments. This is not just driven by heavy engineering, but segmental revenue breakup we don't give for competitive reasons, but I can assure you that growth is happening in all the 3 aspects of the business.

Kunal Mehta: Okay, fair enough. And, in terms of order intake, I think heavy engineering is an outlier compared to wear plates and welding consumables. Where are you feeling…

Prashant Garg: If you see our order import, the opening order book and the current order book for last quarter, I think the order increase has happened in all the 3 aspects of the business.

Kunal Mehta: Correct, correct. But it's more in heavy engineering in terms of volumes. So where are we? Are we -- have we added new products? I was going through the presentation and I saw a few bit of

new products that I think we have added over the last 1 or 2 quarters, which I think is the plan to kind of get more orders of this from the existing customers?

Prashant Garg: Yes, so whatever new items we had made for our existing customers last year as a first, like a one-off as a new item which we manufactured for them, now we're getting repeat orders for those items. So, we've started getting more orders for the new items we started manufacturing last year. And so that is true what you're saying.

And because of the increased industrial activity, because of the capacity expansion happening in the end-user industry for the existing items that we've been historically making for our customers, even those items have increased. So, to further sort of substantiate what I was saying, the order book in March '26 for Heavy Engineering was INR142 crores, which has increased to INR177 crores.

Wear plates have gone up from INR22 crores to INR24 crores approximately, and welding consumables have gone up from INR9.9 crores to INR24.9 crores. So, you can see that growth is happening in all the 3 segments. Of course, heavy engineering, because of the sheer nature and size of orders there are higher, it contributes to the maximum order book. And also, because of the higher lead time. The wear plates and welding consumables have shorter lead time, so order gets churned out quicker there.

Kunal Mehta: Okay. And I think as far as the profit from the JVs is concerned, last quarter we saw I think a INR4 crores profit.

Prashant Garg: Yes,

Kunal Mehta: This quarter has kind of been a negative over there, a loss. So how do we build this in? I mean, is it going to be just lumpy? Maybe some quarters we get profit because of the thermal spray powders having a very high premium pricing. So how do we look at this? You can give some sense on that.

Prashant Garg: So, the JV follows a cycle of a calendar year and they have their own sort of lull period. So, August typically is a lull period for them because it's the holiday season in Europe and UK.

And then December is a lull period and April is a lull period. So, they have their own cycles. But I was -- we are expecting to finish on a high in the JV by the end of this calendar year, which will sort of cover up for the loss which has happened in this quarter or which we have shown in this quarter. It's also because of that negative contribution in this quarter; this quarterly PAT has come down.

Kunal Mehta: Yes.

Prashant Garg: But which has got nothing to do with our operations per se. So, but, overall, the operations are getting more stabilized there. They're getting more, less sort of sensitive to seasonality and more consistent as that company is also maturing. So, we expect that by the end of this calendar year, the profit numbers will be better than what was reported in the first 6 months of that company

or the previous quarter in our company. And going forward, we expect these kinds of sharp volatility or sharp numbers going up and down not to happen.

Kunal Mehta: Okay, just one last question. The price revision in the pass on is on the newer orders that we are booking, not on the orders that we've already booked for, let's say, engineering or wear plates. So, on that, we might see some margin pressure still.

Prashant Garg: Yes, so price increases started happening from previous quarter itself, from the end of previous quarter. So whatever quotations and offers we are sending out to customers on a daily basis, we are constantly rejigging it to the newer raw material prices. So, the current order book of INR226 crores that some of it will already have accounted for the increased raw material prices.

And we are constantly monitoring this, and depending on how the raw material prices are changing, we are shortening our validity also and quoting according to the current raw material prices. But you're right, typically orders which have got shorter lead times, say less than 6 months, those are fixed price contracts.

So, if raw material prices go up, then we have to absorb it, but if it goes down, we get a benefit also, which is the nature of the business. Over longer lead time orders, there is a price variation clause built into those contracts. So, there we are not really bothered.

Kunal Mehta: Okay. And most of our raw material is procured like from imports, or what is the mix of domestic procurement versus the procurement from imports in terms of raw material?

Prashant Garg: So, I think ballpark, I would say that around 85-15 would be the mix. 85% to 90% is domestic, 10% to 15% is imported. A majority of the roller press rolls raw materials are imported because these are heavy forgings and castings which are not made in India. So, either they are sourced from China or Europe.

So, in that component of our business, 80% of that business is roughly imported materials, or even up to 90%, but that's roughly around 15% of our total business. And balance, some of the ferro alloys are imported, but also bear in mind that some of these raw materials are not naturally found in India.

So even if you're buying from a local company in India, they might be importing it. But if you're buying from a local entity in India who are basically aggregators or raw material suppliers, we consider that as domestic purchase and not as imported purchase. I hope I was able to answer your question.

Kunal Mehta: Yes. And any revision in guidance in terms of top line? Because we have had a solid quarterly execution. Do we see this as a steady state and maybe -- or is 2nd quarter mainly a higher execution quarter for us?

Prashant Garg: Historically, 2nd and 4th quarters have been good for us. But what we're trying now since the last sort of 3 or 4 quarters is we're trying to keep a healthy order book across the year so that the 1st and the 3rd quarter also remain strong quarters for us because if we have the capacity to—

like last year, quarter 4, we did, I think, approximately INR140 crores. So that means we have the capacity to execute INR140 crores worth of business in one quarter.

It's just that we need to make sure that we have the correct order mix and the correct order substantial order book, so that we can keep executing at those levels. So now with the current order book, we are quite excited and positive about the ongoing order execution projections. But of course, it also depends on the lead time and the order mix, as I was mentioning, because if the items where we are able to execute orders faster, we get more of those orders, then we will convert that into revenue.

So, we expect to keep growing by 20% to 25% as we have indicated before, and of course our intention and our effort is to do more than what we are committing.

Kunal Mehta: Great. Thank you so much, Prashant sir, and wishing you and the whole Diffusion Engineers family a very happy Diwali and all the best for the upcoming quarters.

Prashant Garg: Thank you so much. Thank you.

Kunal Mehta: Thank you.

Moderator: Thank you. Next question is from the line of Neil Bahal from Negen Capital. Please go ahead.

Neil Bahal: Hello. Hi, Prashant. Congratulations, great set of numbers.

Prashant Garg: Thank you.

Neil Bahal: I think the previous call covered most of the questions I had and probably other investors had, so very well explained. Could you just give me a sense of how is the underlying environment in all the businesses that we are in, in terms of what can we expect next year, the year after, the year after, if that's possible?

Prashant Garg: So, the sentiment is still very positive and strong, and as I've always explained before, 30% of our revenue sort of comes with new project build, and 70% of our revenue comes from servicing and providing spare parts and maintenance done in the existing installed base, industrial installed base. So right now, the end-user industries that we deal in, which is steel, cement, power, mining, the sentiment is to increase capacity utilization and also to increase installed base.

So driven by these 2 sentiments and what is happening in the end-user industry, we feel very positive and upbeat about this sort of growth continuing in the next 3 years and even beyond, because we don't see any slowdown happening in the end-user industry. And in fact, as our capacities are increasing and manufacturing workshop space is increasing, the customers are already starting or loading us with more orders because they can see that with the same sort of personnel or management team in place, they can now get more out of our workshops.

And so, we are very positive that this growth will continue and there is no sort of slowdown that we can see. Also, with the new initiatives that we have taken, like I mentioned in my speech, that we've recently received the approval to manufacture locomotive shells for railways. And so

that's a great addition because there's a lot of expansion happening in Indian Railways, and that will be a door opener for us to get into manufacturing of further related items for the Indian Railways.

We've been told that Indian Railways is trying to now increase the freight component or the freight share that they have from 10% to 40% in the next 10 years. So, there's a lot of growth available there, and they would want to work with vendors who are already in their approved list. So that is very exciting.

Also, export sales are increasing for us constantly as we speak. So, we are trying to capture more market, not just in India but outside of India. And that is right now a big headroom is available in exports market to capture. And with our Abu Dhabi facility coming live, with our Turkey operations also getting more and more stabilized, we think a good amount of revenue will start trickling in from those entities also, just like Philippines has been successful for us.

So, we've got multiple things to be excited about, different avenues in which we are focusing and trying to increase our business.

Neil Bahal: No, that's wonderful. So basically, you're saying the underlying environment is positive for you. I was just trying to get a number. I know it's not easy, the environment is also very volatile. But I mean, is it fair to assume on the revenue front I know margins can be up and down but on the revenue front, for a considerable number of years, probably 20% and above?

Prashant Garg: Yes, we feel confident with that sort of number, for at least 3 to 5 years going forward.

Neil Bahal: Okay, I have just one last question if you don't mind.

Prashant Garg: Yes.

Neil Bahal: I don't know if I've got it correctly from the previous chat you had, the margins obviously because of input cost inflation, let's say, how soon can you pass it on or how soon can you revert to old margins?

Prashant Garg: So, to the first question, how soon can we pass it on? So, we have already started passing it on to the customers. Even the current order book that we have in this quarter end, which is of INR226 crores, a large portion of those orders are adjusted for the new input cost. How soon can we come back to the margins which were there probably last year, Q2, Q3? I think it's fair to say within the next 2 quarters or so we should be able to get back to the same sort of margin levels.

Neil Bahal: Okay, brilliant. I mean, that's all from my side. Thanks so much and best of luck. Just keep going.

Prashant Garg: Thank you. Thank you so much.

Neil Bahal: Bye.

Moderator: Thank you. Next question is from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.

Sunil Jain: Yes, congratulations on a good set of numbers, sir. And my question relates to your product strategy which you had rolled out or said in the previous call. A lot of new products you had introduced. So, if you can talk about any development in that or any further progress which we have achieved in that.

Prashant Garg: So, we had talked about shredders, which are used for alternative fuels, for processing alternative fuels to be used in the process industries. We had spoken about new designs of rotors and rotary air feeders which are used in the cement sector. So, unfortunately, I can't tell you that we've got an order for shredders, but we are very close to converting some of these opportunities into orders as we speak.

So, the products are ready, they have been designed and ready for sales. It's about time when we will be able to convert them into orders as of now.

Sunil Jain: So, anything you can talk about vertical roller mills and Comcast rollers also?

Prashant Garg: Yes, so vertical roller mills, we got an order and it's already supplied now. And we've got one good reference from a leading cement manufacturer, so that is already executed. And we are now -- we're already quoting for new inquiries, and I think that will become a steady revenue stream for us.

And steel mill rollers, we've executed orders for Bokaro and Bhilai Steel Plant before, and now we are in active discussion with private players like JSW and JSPL, and we've got a few orders for execution from these customers also. So, we have now started supplying them in the private sector as well.

Sunil Jain: Is it possible for you to say how much revenue is coming from products now and how much it can be after, say, 3 years?

Prashant Garg: So, right now all these new entities are not contributing, say, more than 1% to 2% of the revenue. And I think in the next 2 to 3 years, this can -- all these new initiatives that we have taken can become close to, say, 10% to 15% of the revenue.

Sunil Jain: Okay.

Prashant Garg: 10% to 15% of the increased revenue, which we expect it to be there in the next 3 years. So, on a current revenue term, this will be probably close to 15 % to 20%.

Sunil Jain: Okay, and this doesn't include the roller press which you are manufacturing?

Prashant Garg: No, roller press we consider it as an established product. We are not considering that because that is anyways now a steady income generation or revenue generation item for us. Last year we expect to do little less than 100 crores, this year revenue out of roller press rolls.

Sunil Jain: Okay, fine. So anyhow, you are doing, with that product you can do around 20%, and all including all that product in, say, 3 years from now can easily do over 25%-30%.

Prashant Garg: Correct, correct. Absolutely. That's a fair estimate.

Sunil Jain: Okay, sir. Second thing about our international market, so Philippines is your core market. So how is that doing? And any other country? I know I can understand that currently the scenarios are not good, but any other country where you are gaining momentum?

Prashant Garg: Yes, so Philippines has been consistent performance. We have also shared the performance of the subsidiaries -- no, we haven't. Sorry, we haven't shared the performance of the subsidiaries, but it's been consistent performance, better than what we have done last year. When it comes to other countries, we've opened avenues in Western Africa.

We've got orders from -- we recently exhibited in Western Africa and we were able to get some breakthroughs in Ghana in a leading cement producer which has got multiple plants in Western Africa. So, we've got a presence there now. Also, we were able to get some inroads into Nigeria. So those are new countries that we've added to.

We're expecting a big order from US now. It was put on hold because of the tariffs, but that is expected to come in any time now because the tariff situation has got better. So, these are some of the countries where we have never gotten orders from before. And these are new additions in our list. We have now exported to 53 countries approximately, and the list is constantly growing.

Sunil Jain: Okay, great, sir. And just a small thing which I missed it, you said that you can return to the margin by the year end?

Prashant Garg: Yes, on a quarterly basis, because obviously 2 to 3 quarters of this year have already gone by. But say Q4, we should be able to get back to the original margin levels.

Sunil Jain: Okay.

Prashant Garg: Of course, if the raw material prices remain stable. Of course, if there is further volatility, that we cannot speculate.

Sunil Jain: Yes, because you were doing 33%-34% gross margin, and now it is around 30%. So that delta, delta, we can see improvement reaching to 4th quarter if the situation remains similar.

Prashant Garg: Correct, absolutely.

Sunil Jain: Okay, great. Thank you.

Prashant Garg: Thank you.

Moderator: Thank you. Next question is from the line of Vinny from Jain Investments. Please go ahead.

Vinny: Hi. So, my question to you is, your margins fell around 160 bps year-on-year despite the 50% revenue growth. So, wanted to ask, how much of the cost increase can you pass through to customers and with what lag?

Prashant Garg: So, the lag is anywhere between 1 to 1.5 quarters. Also, please bear in mind that last year starting order book was INR100 crores, which was approximately INR174 crores this year, and then Q1 end order book was around INR209 crores. So, as the order book size has increased, for those when the raw material prices go up, we will have to absorb that much more cost for that many more number of orders as the order book size has increased, right?

So therefore, there is this difference in the gross margins as you pointed out. So, I think it's fair assumption to say that we are able to, considering the fact that we are doing now roughly around 40 to 40-odd crores of revenue per month, roughly around 1, 1.5 quarters is what we see as the timeline or the lag which is there to pass on the cost increase to the customer.

Vinny: Got it. So, what is your order book conversion timeline source and how much do you expect to execute in the H2 of the FY27?

Prashant Garg: The order book conversion timelines. So, when it comes to consumables, it is typically 4 weeks or less. When it comes to wear plates and wear parts, it's 6 weeks to 8 weeks. And when it comes to heavy engineering, it can be anywhere between 3 months to 9 months depending upon customer delivery requirements. Having said that, we expect to finish this sort of order book because as we speak, we keep getting orders every day. So, we expect to finish this amount of order book easily in this year and we will do much more than that.

Vinny: Got it. So, my last question to you would be which end-user industries like cement, steel, power, maybe mining are driving the demand and any of them probably slowing them down?

Prashant Garg: So, we don't see any slowdown per se, because as I mentioned, a major portion of our business comes from existing installed base and not from new capacity expansion. It's only 80% to 70% of the heavy engineering business is for new installed base. Rest of the business is all catering to existing installed base.

So even if there's a slight slowdown in new capacity expansion which we're not seeing actually, then it will also not affect our business as much because the existing installed base is so big which needs to be catered to. We expect to keep growing at 20% to 25% on a year-on-year basis for foreseeable future.

Vinny: Got it. Thank you so much for answering my questions. That'll be an end from my end. Wishing you all the best for the future and prosperous Happy Diwali.

Prashant Garg: Thank you so much. Same to you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Prashant Garg for closing comments.

Prashant Garg: To conclude, I believe Q2 FY27 has provided a strong foundation for our year ahead. I would like to express my gratitude to our dedicated team members, valued clients, suppliers, bankers, and all other stakeholders who continue to place their trust in us. We remain focused on delivering sustainable and profitable growth and creating long-term value for our stakeholders.

For any further information, please feel free to contact our Investor Relations team. Thank you and have a great evening ahead, and wishing you and your family a very happy and prosperous Diwali. Thank you so much.

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