



Date: May 13, 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: Report of Monitoring Agency for the quarter ended March 31, 2025.**

Pursuant to Regulation 32(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 41(4) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, please find enclosed herewith Monitoring Agency Report issued in respect of the utilization of the proceeds of the Initial Public Offer ("IPO") of the Company for the quarter ended March 31, 2025, by CRISIL Ratings Limited, the Monitoring Agency.

This report will also be hosted on the Company's website viz.  
<https://www.diffusionengineers.com/investors-relation>.

We request you to take the above on record.

**Thanking You.**  
**Yours faithfully,**

**For Diffusion Engineers Limited**

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

**Enclosed as above**



**DIFFUSION ENGINEERS LIMITED**

**Regd. Office :** T-5 & 6, M.I.D.C., Hingna Industrial Area, **Nagpur** - 440 016, Maharashtra, INDIA

[t] 091-7104-232890, 234727, 236772, CIN : L99999MH2000PLC124154

[e] [info@diffusionengineers.com](mailto:info@diffusionengineers.com), [w] [www.diffusionengineers.com](http://www.diffusionengineers.com) **GSTIN : 27AAACD8008L1ZK**

**Branches At :** Ahmedabad • Chennai • Chittorgarh • Faridabad • Jamshedpur • Kolkata • Pune • Raipur • Secunderabad

**Monitoring Agency Report**  
**for**  
**Diffusion Engineers Limited**  
**for the quarter ended**  
**March 31, 2025**

CRL/MAR/GDS4651/2024-25/1350

May 12, 2025

To

**Diffusion Engineers Limited**

T-5 and T-6,

Nagpur Industrial Area,

MIDC, Hingna, Nagpur,

Maharashtra, 440016

Dear Sir,

**Monitoring Agency Report for the quarter ended March 31, 2025- in relation to the Initial Public Offer ("IPO") of Diffusion Engineers Limited ("the Company")**

Pursuant to Regulation 41(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated September 16, 2024, enclosed herewith the Monitoring Agency Report, issued by CRISIL Ratings Limited, Monitoring Agency, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of IPO for the quarter ended March 31, 2025.

Request you to kindly take the same on records.

Thanking you,

**For and on behalf of Crisil Ratings Limited**



**Sushant Sarode**

**Director, Ratings (LCG)**

**Report of the Monitoring Agency (MA)****Name of the issuer: Diffusion Engineers Limited****For quarter ended: March 31, 2025****Name of the Monitoring Agency: Crisil Ratings Limited**

(a) Deviation from the objects: Not applicable

(b) Range of Deviation: Not applicable

**Declaration:**

*We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.*

*The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.*

*We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.*

**Signature:** **Name and designation of the Authorized Signatory: Sushant Sarode****Designation of Authorized person/Signing Authority: Director, Ratings (LCG)**

## 1) Issuer Details:

<b>Name of the issuer:</b>	Diffusion Engineers Limited
<b>Names of the promoter:</b>	Prashant Garg, Chitra Garg, Nitin Garg
<b>Industry/sector to which it belongs:</b>	Other Industrial Products

## 2) Issue Details

<b>Issue Period:</b>	Thursday, September 26, 2024 to Monday, September 30, 2024
<b>Type of issue (public/rights):</b>	Initial Public Offer (IPO)
<b>Type of specified securities:</b>	Equity Shares
<b>IPO Grading, if any:</b>	NA
<b>Issue size:</b>	Rs 1579.64 million

Particulars	Amount (Rs. million)
Gross proceeds of the Fresh Issue	1579.64#
Less: Issue Expenses	157.69
Net Proceeds	<b>1,421.95</b>

#Crisil Ratings shall be monitoring the gross proceeds.

## 3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Management Undertaking, Statutory Auditors Certificate <sup>^</sup> , Prospectus, Bank Statements	No Comments	No Comments

Particulars	Reply	Source of information/ certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	Management Undertaking, Statutory Auditors Certificate <sup>^</sup>	No Comments	No Comments
Whether the means of finance for the disclosed objects of the issue has changed?	No		No Comments	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	No		No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	NA		No Comments	No Comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	NA		No Comments	No Comments
Are there any favorable events improving the viability of these object(s)?	No		No Comments	No Comments
Are there any unfavorable events affecting the viability of the object(s)?	No		No Comments	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	No Comments

*NA represents Not Applicable*

*<sup>^</sup>Based on Management undertaking and Certificate dated May 02, 2025, issued by PGS & ASSOCIATES chartered Accountants (Firm Registration Number: 122384W), Statutory Auditors of the Company.*

4) Details of object(s) to be monitored:

i. Cost of the object(s):

Sr. No.	Item Head	Source of information/certification considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in million)	Revised Cost (Rs in million)	Comment of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Funding capital expenditure requirements towards Proposed Expansion of our existing manufacturing facility at Unit IV	Management Undertaking, Statutory Auditors Certificate <sup>^</sup> , Prospectus	713.80	NA	No revision	No Comments		
2	Setting up of a new manufacturing facility at Hingna, Sonegaon District, Nagpur, Maharashtra ("Proposed Facility")		303.85	NA	No revision	No Comments		
3	Funding working capital requirements of the Company		220.00	NA	No revision	No Comments		
4	General Corporate Purposes		184.30	NA	No revision	No Comments		
	<b>Subtotal</b>		<b>1,421.95</b>			-		
5	Expenses in relation to the Fresh Issue		157.69	NA	No revision	No Comments		
	<b>Total</b>	<b>1,579.64</b>			-			

<sup>^</sup>Based on Management undertaking and Certificate dated May 02, 2025, issued by PGS & ASSOCIATES chartered Accountants (Firm Registration Number: 122384W), Statutory Auditors of the Company.

<sup>#</sup>The amount utilised for general corporate purposes does not exceed 25% of the Gross Proceeds (amounting to Rs 394.91 million) from the Fresh Issue

ii. Progress in the object(s):

Sr. No.	Item Head#	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in million)	Amount utilized (Rs in million)			Total unutilized amount (Rs in million)	Comments of the Monitoring Agency	Comments of the Board of Directors		
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action	
1	Funding capital expenditure requirements towards Proposed Expansion of our existing manufacturing facility at Unit IV	Management Undertaking, Statutory Auditors Certificate <sup>^</sup> , Prospectus	713.80	2.78	46.46	49.24	664.56	No Comments	No Comments		
2	Setting up of a new manufacturing facility at Hingna, Sonegaon District, Nagpur, Maharashtra ("Proposed Facility")		303.85	118.25	3.65	121.90	181.95				
3	Funding working capital requirements of the Company		220.00	220.00	0.00	220.00	0.00				
4	General Corporate Purposes		184.30	0.00	0.00	0.00	184.30				
<b>Subtotal</b>			<b>1,421.95</b>	<b>341.03</b>	<b>50.11</b>	<b>391.14</b>	<b>1,030.81</b>			-	
5	Expenses in relation to the Fresh Issue		157.69	129.60	1.95	131.55	26.14			No Comments	
<b>Total</b>			<b>1,579.64</b>	<b>470.63</b>	<b>52.06</b>	<b>522.69</b>	<b>1,056.95</b>	-			

<sup>^</sup>Based on Management undertaking and Certificate dated May 02, 2025, issued by PGS & ASSOCIATES chartered Accountants (Firm Registration Number: 122384W), Statutory Auditors of the Company.

**#Brief description of objects:**

Object of the Issue	Description of objects as per the offer document filed by the issuer
Funding capital expenditure requirements towards Proposed Expansion of our existing manufacturing facility at Unit IV	The Company intends to undertake the expansion work at Khasra Nos. 36, 38/1, 38/2, 38/3 situated at Khapri (Uma), Nagpur- 441 501, Maharashtra admeasuring in aggregate 72,029.84 sq. mtrs. Or thereabouts and where the Company is having its existing manufacturing facilities. As part of the Proposed Expansion, an aggregate area of approx. 15,449.87 sq. mtrs is proposed to be constructed at the said Khasra Nos. 36, 38/1, 38/2, 38/3. <b>The financial investment will primarily be directed towards construction, civil work, and the acquisition of machinery essential for the heavy engineering equipment and flux cored wire businesses.</b>
Setting up of a new manufacturing facility at Hingna, Sonegaon District, Nagpur, Maharashtra (“ <b>Proposed Facility</b> ”)	They intend to setup a new manufacturing facility at Plot No. 33-B/1/1 & 33-B/1/1 Part, MIDC Hingna, Nagpur, Maharashtra ( <b>Proposed Facility</b> ). This strategic step is driven by their objective of maximizing production efficiency and reaping various economies of scale. At the proposed facility, they plan to manufacture special purpose electrodes and wire strips which are utilized in the production of flux core wire. The setting up of a dedicated slitting line for wire strip manufacturing grants them a significant backward integration advantage. This streamlined process enhances operational efficiency and ensures a seamless supply chain between their nearby facilities for flux cored wire production.
Funding working capital requirements of the Company	Their business is working capital intensive and they fund a majority of our working capital requirements in the ordinary course of business from banks and through the internal accruals. The Company requires additional working capital for funding its incremental working capital requirements in the Financial Years ended March 31, 2025. The funding of the incremental working capital requirements of the Company will help in achieving the proposed targets as per the business plan. They intend to utilize ₹ 220.00 million from the Net Proceeds to fund working capital requirements of the Company in the Financial Year ended March 31, 2025
General Corporate Purposes	As per offer document GCP can be utilised towards part or full prepayment / repayment of borrowings, (ii) strategic initiatives, investments in subsidiaries of the Company, (iii) business development initiatives (iv) meeting general corporate contingences, and (v) any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the Companies Act and applicable law. The quantum of utilization of funds towards the aforementioned purposes will be determined by the Board based on the amount actually available under the head “General Corporate Purposes” and the corporate requirements of the Company. However, the Company will not utilize the funds earmarked for general corporate purposes towards the Objects of the Issue and vice versa.

iii. Deployment of unutilised proceeds^:

S. No.	Type of instrument and name of the entity invested in	Amount invested (Rs in million)	Maturity date	Earnings (Rs in million)	Return on Investment (%)	Market value as at the end of quarter (Rs in million)
1	Fixed Deposit with Yes Bank	88.94	27-05-2025	0.68	7.35%	89.62
2	Fixed Deposit with Yes Bank	51.00	14-04-2025	1.79	7.50%	52.79
3	Fixed Deposit with Yes Bank	120.10	20-04-2025	1.78	7.20%	121.88
4	Fixed Deposit with Yes Bank	100.00	14-04-2025	3.51	7.50%	103.51
5	Fixed Deposit with Yes Bank	120.00	16-10-2025	4.40	7.82%	124.40
6	Fixed Deposit with Kotak Bank	105.00	16-10-2025	3.74	7.61%	108.74
7	Fixed Deposit with Kotak Bank	55.00	16-10-2025	1.96	7.61%	56.96
8	Fixed Deposit with HDFC Bank	50.00	16-10-2025	1.73	7.40%	51.73
9	Fixed Deposit with HDFC Bank	50.00	16-10-2025	1.73	7.40%	51.73
10	Fixed Deposit with HDFC Bank	50.00	16-10-2025	1.73	7.40%	51.73
11	Fixed Deposit with HDFC Bank	50.00	16-10-2025	1.73	7.40%	51.73
12	Fixed Deposit with HDFC Bank	50.00	16-10-2025	1.73	7.40%	51.73
13	Fixed Deposit with Yes Bank	100.00	4-11-2025	3.27	7.86%	103.27
14	Balance with monitoring account	47.62	-	-	-	47.62
15	Balance with Public account	23.09	-	-	-	23.09
	<b>Total</b>	<b>1,060.75*</b>	<b>-</b>	<b>29.78</b>	<b>-</b>	<b>1,090.53</b>

\*Out of Rs 1,060.75 million, Rs 3.80 million pertains to interest earned on Fixed deposits

Note: The company has not encumbered any of the aforementioned unutilised funds as lien of any purpose.

^Based on Management undertaking and Certificate dated May 02, 2025, issued by PGS & ASSOCIATES chartered Accountants (Firm Registration Number: 122384W), Statutory Auditors of the Company.

**iv. Delay in implementation of the object(s)^:**

Object(s)	Completion Date		Delay (no. of days/months)	Comments of the Board of Directors	
	As per the Offer Document	Actual		Reason of delay	Proposed course of action
Funding capital expenditure requirements towards Proposed Expansion of existing manufacturing facility at Unit IV	Fiscal 2025	Refer note below	Refer note below	No Comments	
Setting up of a new manufacturing facility at Hingna, Sonegaon District, Nagpur, Maharashtra (“Proposed Facility”)	Fiscal 2025	Refer note below	Refer note below	No Comments	
General Corporate Purposes	Fiscal 2025	Refer note below	Refer note below	No Comments	

**Note:**

*There is a delay in the implementation relative to what is mentioned in the Prospectus.*

*As per Company's Prospectus dated September 30, 2024, the Company had **estimated** to utilize Rs 797.11 million for the object of the issue by Fiscal 2025. However, based on certificate dated May 02, 2025, issued by PGS & ASSOCIATES, Chartered Accountants (Firm Registration Number: 122384W), Statutory Auditors of the Company and management undertaking, the Company has utilized only an amount of Rs 522.69 million for the aforementioned object as at the end of fiscal 2025, hence, there is a delay in the implementation schedule. The reason for delay is the Company has started placing orders for equipments and plants, and is expecting to complete the Capex by FY 2026. Further proceeds towards GCP will be utilized with other capex in subsequent quarters.*

*However, the Prospectus states that, “To the extent our Company is unable to utilize any portion of the Net Proceeds towards the aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial year i.e. Fiscal 2026 for funding working capital requirements and Fiscal 2027 for funding capital expenditure towards Proposed Expansion and Proposed Facility towards the aforementioned Objects.”*

**5) Details of utilization of proceeds stated as General Corporate Purpose amount in the offer document:**

Based on Management Undertaking and Certificate dated May 02, 2025, issued by M/s PGS & ASSOCIATES chartered Accountants (Firm Registration Number: 122384W), Statutory Auditors of the Company, no amount was utilised towards GCP during the reported quarter.

## Disclaimers:

- a) *This Report is prepared by Crisil Ratings Limited (hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.*
- b) *This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For the purpose of this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like Statutory Auditors (or from peer reviewed CA firms) appointed by the Issuer believed by it to be accurate and reliable.*
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- e) *The MA or its affiliates may have other commercial transactions with the entity to which the report pertains. As an example, the MA may rate the issuer or any debt instruments / facilities issued or proposed to be issued by the issuer that is subject matter of this report. The MA may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.*
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