



# Diffusion Engineers Limited

## Diffusion Engineers Limited

**Issue Opens On**  
Sep 26, 2024

**Issue Closes On**  
Sep 30, 2024

**Price Band (INR)**  
159 – 168

**Issue Size (INR Mn)**  
1,495-1,580

**Rating**  
SUBSCRIBE

**Diffusion Engineers Limited**, established in 1982, has been a pioneer in the field of maintenance and repair welding solutions. The company offers an extensive range of products and services, primarily focused on industrial wear and repair applications. Over the years, Diffusion Engineers has expanded its expertise to include high-quality welding consumables, wear plates and specialized repair services aimed at increasing the longevity and efficiency of industrial equipment. With its headquarters based in Nagpur, Maharashtra, Diffusion Engineers caters to industries such as steel, cement, power and mining, providing them with tailored solutions to enhance productivity. The company is known for its commitment to technological innovation, which is evident in its state-of-the-art facilities and focus on research and development.

### OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	9.41
Fresh issue (# shares) (Mn)	9.41
Offer for sale (# shares) (Mn)	NA
Price band (INR)	159 - 168
Post issue MCAP (INR Mn)	5,951 – 6,288

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	Monday, 30 <sup>th</sup> Sep'24
Finalization of Basis of Allotment with Stock Exchange	On or about 01 <sup>st</sup> Oct' 24
Initiation of Refunds	On or about 03 <sup>rd</sup> Oct' 24
Credit of Equity Shares to Demat accounts	On or about 03 <sup>rd</sup> Oct' 24
Commencement of Trading of Eq. shares on NSE	On or about 04 <sup>th</sup> Oct' 24

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
<b>QIB</b>	47,02,500	Max. 790	Upto 50%
<b>NII</b>	14,10,750	Min. 237	Not less than 15%
<b>Retail</b>	32,91,750	Min. 553	Not less than 35%
<b>Net Offer</b>	94,05,000	1,580	100%

Source: IPO Prospectus

Objects of the Offer	Amount ( In Mn)
1. Funding capital expenditure requirements towards Proposed Expansion of existing manufacturing facility at Unit IV.	714
2. Setting up of a new manufacturing facility.	304
3. Funding working capital requirements of the Company.	220
4. General Corporate Purposes.	342

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	93%	70%
Others	7%	30%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: IPO Prospectus

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	2,046	2,549	2,781
EBITDA	225	279	389
EBITDA Margin (%)	11%	11%	14%
Profit After Tax	170	221	308
PAT Margin (%)	8%	9%	11%
Net Worth	1,206	1,420	1,907
RONW (%)	15%	17%	19%

Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Company Overview :

- Diffusion Engineers Limited, established in 1982, is a leading manufacturer and service provider specializing in welding consumables, wear-resistant materials and heavy engineering solutions.
- Over its four decades of operations, the company has built a significant reputation for providing customized solutions and services for various industries such as cement, steel, power, engineering and mining.
- Apart from manufacturing, Diffusion Engineers also engages in the trading of anti-wear powders and welding and cutting equipment, expanding its portfolio across diverse segments of industrial wear and repair.
- The company has demonstrated consistent growth in terms of revenues and profitability, with its revenue and net profit growing at a 3 CAGR of 21% and 38% respectively over FY21-24.

### Products and Services

Diffusion Engineers operates across four primary segments: Welding and Anti-Wear Consumables, Wear Plates and Wear Parts, Heavy Engineering Equipment and Trading. Each of these segments addresses critical needs in industries where the durability and efficiency of machinery and equipment are vital.

- 1. Welding and Anti-Wear Consumables:** The company manufactures a wide range of special-purpose electrodes and flux-cored wires designed for industrial welding applications. These products enhance the wear resistance and reparability of equipment, increasing operational efficiency.
- 2. Wear Plates and Wear Parts:** Diffusion Engineers produces high-quality wear plates and parts that provide crucial protection for machinery used in demanding environments. These products help extend the life of industrial equipment, reducing the need for frequent replacements.
- 3. Heavy Engineering Equipment:** The company offers custom-engineered equipment, including high-pressure grinding rollers, air separators and mill bodies. Diffusion Engineers' heavy engineering division focuses on creating durable, reliable equipment to support large-scale industrial processes.
- 4. Trading:** The trading arm of Diffusion Engineers deals in welding equipment, thermal spray powders, and other industrial materials. Although smaller in comparison to the other divisions, the trading segment plays a strategic role by enhancing the company's overall portfolio.

### Revenue Segmentation

Product Category	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Welding and Anti-wear Consumables	722	35%	979	38%	781	28%
Wear plate / Wear parts	544	27%	756	30%	834	30%
Heavy Engineering Equipment	550	27%	531	21%	723	26%
Trading	141	7%	175	7%	233	8%
<b>Sub-total (A)</b>	<b>1,958</b>	<b>96%</b>	<b>2,441</b>	<b>96%</b>	<b>2,571</b>	<b>92%</b>
<b>Revenue from Subsidiaries</b>						
Welding and Anti-wear Consumables	50	2%	66	3%	64	2%
Wear plate / Wear parts	26	1%	9	0.35%	137	5%
Trading	12	1%	33	1%	10	0.35%
<b>Sub-total (B)</b>	<b>88</b>	<b>4%</b>	<b>108</b>	<b>4%</b>	<b>210</b>	<b>8%</b>
<b>Total (A+B)</b>	<b>2,046</b>	<b>100%</b>	<b>2,549</b>	<b>100%</b>	<b>2,781</b>	<b>100%</b>

Source: IPO Prospectus, KRChoksey Research

# Diffusion Engineers Limited

## Company Overview :

### Geographic Reach and Clientele

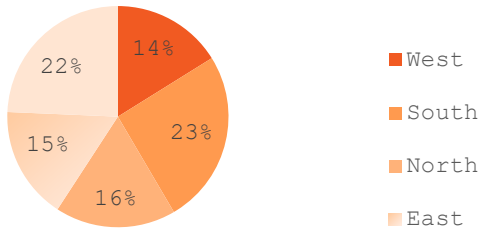
- Diffusion Engineers has a robust market presence both in India and internationally, strengthened by its subsidiaries and joint ventures in key regions such as the United Kingdom, Singapore, Malaysia and the Philippines. This strategic geographical reach allows the company to serve a diverse clientele across Africa, Asia-Pacific, Europe and the Middle East.
- In India, Diffusion engages with major players in the cement, steel, and power industries through direct customer interactions and OEM partnerships.
- Notably, international operations contributed 10-12% to the company's total revenues from FY22 to FY24, reflecting its commitment to expanding market share in emerging economies.
- Additionally, the establishment of a subsidiary in Turkey highlights Diffusion's efforts to strengthen its local market presence and diversify revenue streams, further enhancing its long-term customer relationships in critical international markets.

### Geography Wise Revenue Mix

Particulars	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Domestic market	1,884	92%	2,191	86%	2,518	91%
International market	162	8%	358	14%	263	9%
<b>Total</b>	<b>2,046</b>	<b>100%</b>	<b>2,549</b>	<b>100%</b>	<b>2,781</b>	<b>100%</b>

Source: IPO Prospectus, KRChoksey Research

### Domestic Revenue



Source: IPO Prospectus, KRChoksey Research

### Customer Base

Particulars	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Top 10	180	7%	198	8%	133	7%
Top 5	121	5%	137	6%	85	4%

Source: IPO Prospectus, KRChoksey Research



Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Company Overview :

### Competitive Landscape and Market Position

- Diffusion operates in a highly competitive market, where it faces challenges from both organized and unorganized players. Its long-standing relationships with OEMs and direct customers, coupled with its forward integration strategy and a comprehensive product portfolio, give Diffusion a competitive edge.
- Additionally, the company's ability to offer integrated solutions—ranging from product manufacturing to on-site repair services—positions it uniquely within the industry.
- The company's focus on innovation, cost control and its robust supply chain management ensures that it remains a key player in the sectors it serves. Diffusion's commitment to maintaining strong customer relationships and providing high-quality products has solidified its reputation in the market, enabling it to withstand competitive pressures.

### Manufacturing and Infrastructure

The company operates from four manufacturing units, all located in Nagpur, Maharashtra, which are strategically positioned for ease of distribution across India. These units are dedicated to the production of special-purpose electrodes, flux-cored wires, wear plates, wear parts and heavy engineering machinery. The central location of the company's manufacturing facilities allows for efficient sourcing of raw materials and streamlined logistics, benefiting both procurement and delivery processes.

#### Revenue Mix

End-use Segment	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Cement	719	37%	747	31%	943	37%
Engineering	146	7%	262	11%	358	14%
Power	292	15%	326	13%	188	7%
Steel	213	11%	291	12%	332	13%
Sugar	92	5%	104	4%	115	4%
Others*	496	25%	710	29%	636	25%
<b>Total</b>	<b>1,958</b>	<b>100%</b>	<b>2,441</b>	<b>100%</b>	<b>2,571</b>	<b>100%</b>

\* Others includes sales to other sectors such as defense, glass, mining, paper, railways and also sales through the distributors, both in domestic and overseas market.

Source: IPO Prospectus, KRChoksey Research

#### Order Book

Particulars (in Mn)	FY22	FY23	FY24
Order Entry	2,814	3136	3,577
Actual Order	2,705	3064	3,492
Cancelled Order	109	72	85
Actual Revenue	1,958	2441	2,571

Source: IPO Prospectus, KRChoksey Research

### Capacity Utilisation

Facility	Product	FY22			FY23			FY24		
		Capacity (MTA)	Production (MTA)	Utilisation	Capacity (MTA)	Production (MTA)	Utilisation	Capacity (MTA)	Production (MTA)	Utilisation
Unit I	Welding Electrodes	700	638	91%	700	533	76%	700	602	86%
Unit II	Flux cored wire	2,220	1,324	60%	2,220	1,508	68%	2,220	1,594	72%
	Wear Plates, Wear Parts, Fabrication and machining	3,204	2,371	74%	3,204	2,458	77%	3,204	2,447	76%
Unit III	Anti Wear Consumables	810	17	2%	810	21	3%	810	17	2%
Unit IV	Heavy Engineering and Wear Plates	6,000	6,198	103%	9,000	7,100	79%	9,000	7,573	84%
	Flux cored wire	NA	NA	NA	NA	NA	NA	444	20	5%

Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Industry Overview:

The welding consumables, wear plates and heavy engineering equipment industries in India are vital components of the country’s industrial landscape. These industries support core sectors such as construction, infrastructure, power generation, mining, steel and more. India's growing demand for infrastructure development and industrial expansion has driven the growth of these industries, creating substantial opportunities in the years ahead.

### Indian Welding Consumables Industry

Welding consumables play a crucial role in manufacturing and maintenance across various industries. These materials facilitate the joining of metals, with their selection significantly impacting the quality and durability of welds. Welding consumables include items such as electrodes, filler wires and flux, which are essential for robust and reliable metal joining.

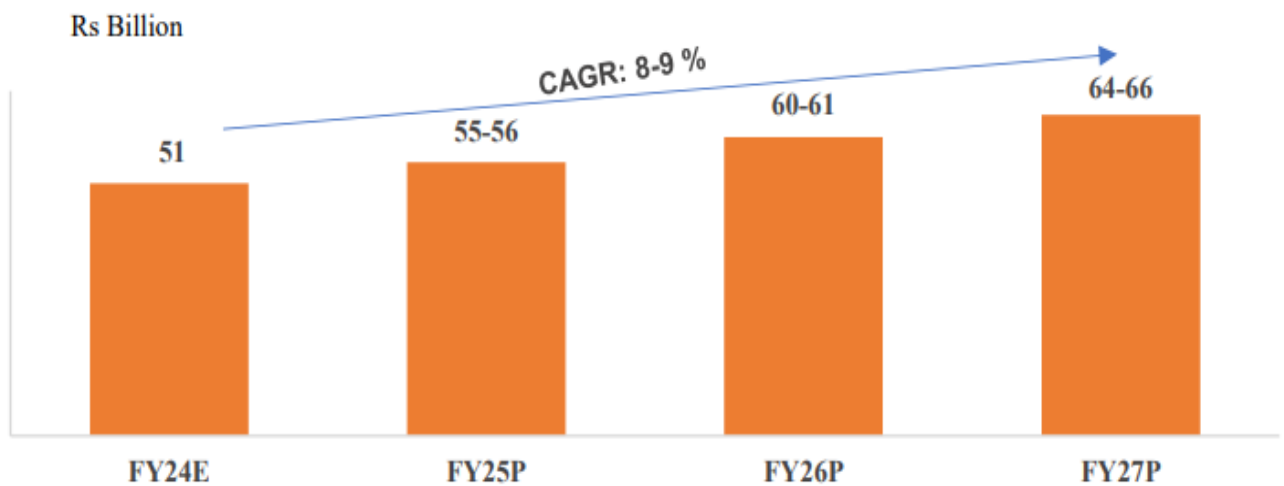
### Market Size

The welding consumables market in India was valued at approximately INR 51 Bn in FY24 and is projected to grow to INR 64-66 Bn by FY27. This growth is largely driven by infrastructure investments, including roads, bridges, ports and airports.

### Market Dynamics

- Welding consumables like filler wires, welding electrodes and flux are indispensable for ensuring strong and durable welds, a critical component in the manufacturing of industrial machinery and plant equipment .
- Welding consumables are used in several key industries, including power generation, automotive manufacturing and shipbuilding.
- The selection of appropriate consumables impacts the strength, durability and quality of the welds. Filler wires, in particular, are key to forming strong joints between metals, while welding electrodes and flux are essential in processes where they also contribute to heat generation and weld quality.
- The market is characterized by a mix of small, medium and large enterprises, with considerable competition from both organized and unorganized players .

### Trend in welding consumables market in India



Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Industry Overview:

#### Indian Wear Plates Industry

Wear plates are designed to protect machinery and industrial equipment from abrasion and wear, thereby extending the lifespan of key components. These plates are integral to industries such as mining, construction, and steel manufacturing, where heavy machinery faces constant exposure to abrasive environments.

#### Market Size

The market for wear plates in India is projected to grow from INR 22 Bn in FY24 to approximately INR 28 bn by FY27, with an estimated CAGR of 8-9%. The increasing industrialization in India drives this demand as industries seek to reduce maintenance costs and extend the lifespan of machinery.

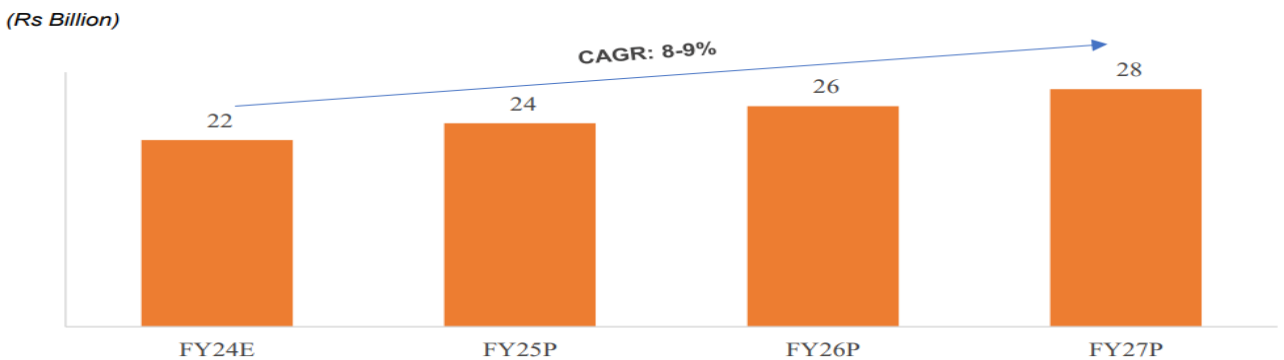
#### Indian Heavy Engineering Capital Goods Industry

The heavy engineering equipment industry in India plays a vital role in supporting the infrastructure, power, and industrial sectors. It involves the manufacturing of industrial machinery, power plants and equipment used in various sectors including construction, mining and cement.

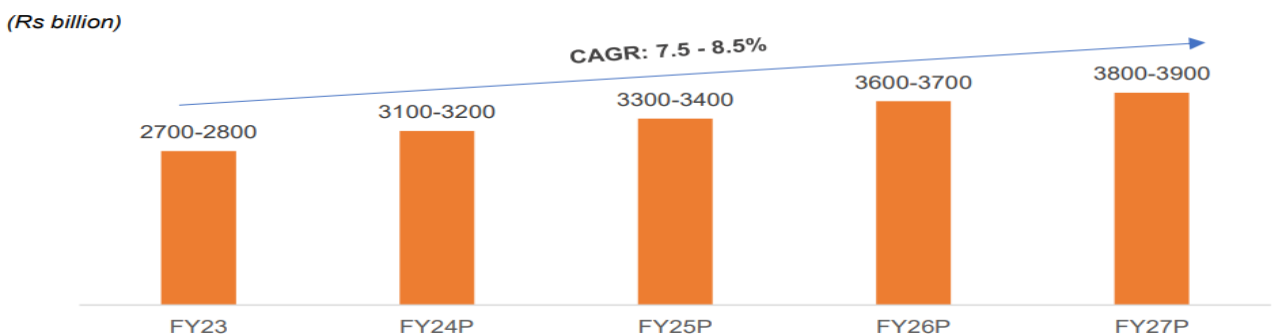
#### Market Size

As of FY24, the industry is estimated to be valued at INR 3,100-3,200 Bn, and is expected to grow at a CAGR of 7.5-8.5% over the next few years, reaching approximately INR 3,800-3,900 Bn by FY27. The heavy engineering industry encompasses sectors such as heavy electrical engineering, earthmoving, construction and process plant equipment .

Market size of wear plates market in India



Market size of Heavy engineering capital goods Industry in India



Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Strengths:

#### Synergistic business models focused on forward integration:

- In 1993, the company began manufacturing welding electrodes and gradually expanded its offerings to include flux-cored wire in 1997. This development led to the production of wear plates and wear parts utilizing flux-cored wire. These wear plates are now employed in the manufacturing of various wear parts and heavy engineering equipment.
- The company has embarked on a journey of forward integration, transitioning from a manufacturer of welding electrodes to producing flux-cored wires, wear plates, and wear parts and ultimately venturing into heavy engineering. This evolution has broadened the scope and expertise within the industry.
- Over the years, the company has enhanced its capabilities to provide not only quality welding consumables but also comprehensive welding services for core industries.
- The company's commitment to manufacturing and welding services ensures that clients receive a streamlined approach to meet the welding and anti-wear needs, ultimately contributing to the longevity and optimal performance of heavy equipment.

#### Captive Consumption

Products and Captive Consumption	FY22	FY23	FY24
Special Purpose Electrodes production (in MT)	638	533	602
Special Purpose Electrodes captively consumed (in MT)	200	199	122
% production of Special Purpose Electrodes captively consumed	31%	37%	20%
Flux Cored Wire production (in MT)	1,324	1,508	1,614
Flux Cored Wire captively consumed (in MT)	1,057	1,243	1,243
% production of Flux Cored Wire captively consumed	80%	82%	77%

Source: IPO Prospectus, KRChoksey Research

#### Serving industry major players directly as well as through OEMs

- The company serves a diverse clientele that includes OEMs catering to major players in the cement, steel and power sectors, as well as direct customers. These OEMs service key industry leaders, creating an intricate network that positions the company as a vital link within the OEM ecosystem of core industries.
- In addition to its relationships with OEM customers, the company also engages directly with end customers in these sectors.
- This direct interaction with established clients in the cement, steel and power industries highlights the company's capability to meet the distinctive needs of major players in these fields.

#### Bifurcation of the Business between OEM Customers and Direct Customers

Particulars	FY22	FY23	FY24
Number of OEM customers	21	27	31
Revenue generated from OEM customers (₹ in million)	654	716	732
% contribution in revenue from OEM customers	33%	29%	28%
Number of direct customers	423	473	472
Revenue generated from direct customers (₹ in million)	1,304	1,725	1,858
% contribution in revenue from direct customers	67%	71%	72%

Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Strengths:

#### Longstanding relationship with customers:

- With over four decades of dedicated service, the company has become a trusted partner for a diverse range of clients across the globe.
- With a diversified customer base, it served 503, 500 and 444 customers in FY24, FY23 and FY22, respectively.
- The company's focus on quality, customized solutions and timely delivery has been instrumental in building and maintaining long-term relationships with customers, as well as in retaining existing clients and attracting new ones.

#### Revenue From Customers

Period of Customer Relationship	FY22			FY23			FY24		
	No. of Customers	INR Mn	%	No. of Customers	INR Mn	%	No. of Customers	INR Mn	%
More than five years	234	1,160	59%	250	1,451	59%	233	1,763	69%
Five years and less	210	798	41%	250	990	41%	270	809	31%
<b>Total</b>	<b>444</b>	<b>1,958</b>	<b>100%</b>	<b>500</b>	<b>2,441</b>	<b>100%</b>	<b>503</b>	<b>2,571</b>	<b>100%</b>

Source: IPO Prospectus, KRChoksey Research

#### Breakdown of Revenue from Top 10 Customers

Customers	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Customer 1	163	8%	125	5%	122	4%
Customer 2	85	4%	106	4%	120	4%
Customer 3	85	4%	104	4%	115	4%
Customer 4	65	3%	95	4%	92	3%
Customer 5	62	3%	64	3%	86	3%
Customer 6	59	3%	56	2%	72	3%
Customer 7	37	2%	53	2%	60	2%
Customer 8	34	2%	51	2%	53	2%
Customer 9	33	2%	51	2%	50	2%
Customer 10	30	2%	50	2%	49	2%
<b>Total</b>	<b>651</b>	<b>33%</b>	<b>755</b>	<b>31%</b>	<b>819</b>	<b>29%</b>

Source: IPO Prospectus, KRChoksey Research

#### Strategically located manufacturing facilities:

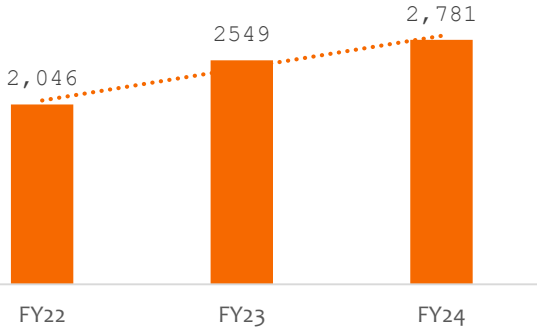
- The company's operations in Nagpur, Maharashtra, are strategically located at the heart of India, providing significant advantages for business efficiency. This central positioning ensures easy access to industries nationwide and facilitates streamlined logistics for timely procurement and delivery.
- With manufacturing units in a central location, the company effectively serves diverse sectors, reaching both urban and remote areas while minimizing transit times.
- This enhances operational efficiency and allows for prompt responses to customer demands. Additionally, the location contributes to cost-effective logistics by optimizing transportation costs due to reduced distances, positively impacting the overall cost structure.
- To capitalize on these benefits, the company focuses on logistics efficiency, supply chain integration, a customer-centric approach, geographic expansion and cost management strategies, reinforcing its competitive edge in the market.

## Diffusion Engineers Limited

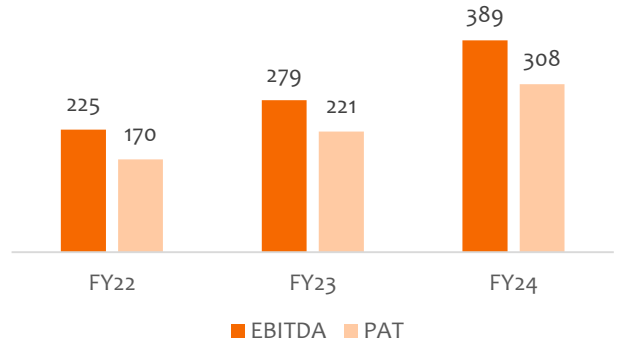
### Strengths:

#### Consistent financial performance

Revenue CAGR of 16.60%



EBITDA CAGR of 31.46% & PAT CAGR of 34.43%



Source: IPO Prospectus, KRChoksey Research

### Strategies:

#### Strategic expansion by venturing into nickel, cobalt and iron-based powder manufacturing for enhanced welding consumables portfolio:

- The company plans to begin in-house production of nickel, cobalt, and iron-based powders to meet growing demand, currently sourced from LSN Diffusion Ltd.
- This shift aims to increase profit margins, support the "Make in India" initiative, reduce logistical and import costs, offer competitive pricing and improve delivery times.
- Leveraging its market experience, the company will collaborate with LSN for technology transfer. These powders, used in surface engineering and heat/corrosion protection, will enhance customer relationships and attract new clients.

#### Expanding the geographical reach:

- The company has subsidiaries in Singapore, Turkey and the Philippines, along with joint ventures in the UK and Malaysia, all contributing to its growth.
- Over the past three years, it has exported to multiple countries, including the UAE, USA and Germany.
- The global welding consumables market was valued at approximately USD 16.6 Bn in 2023, with projections of USD 19.5-20.5 Bn by 2027, growing at a CAGR of about 5%.
- The global wear plates market is also expanding, estimated at USD 3.6 Bn in 2023 and projected to reach USD 4.4 Bn by 2027.
- The company plans to enhance its market share in existing regions and expand into new areas, particularly focusing on increasing its presence in Turkey.

## Diffusion Engineers Limited

### Strategies:

#### Export Revenue Mix

Region	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Africa	54	3%	88	4%	46	2%
APAC	60	3%	110	5%	104	4%
Asia	27	1%	26	1%	13	1%
Europe	5	0.25%	22	1%	60	2%
Middle East	16	1%	29	1%	40	2%
USA	-	-	21	1%	0.04	0%
<b>Total</b>	<b>162</b>	<b>8%</b>	<b>294</b>	<b>12%</b>	<b>263</b>	<b>10%</b>

Source: IPO Prospectus, KRChoksey Research

### Strategic Leasing and Maintenance Business Model for Heavy Equipment:

- India's heavy engineering capital goods industry is valued at about INR 3,100-3,200 Bn for FY24, with a projected CAGR of 7.5-8.5% through 2027, reaching INR 3,800-3,900 Bn.
- To alleviate the financial burden of heavy equipment costs in sectors like cement and steel, the company offers a leasing and maintenance model, enabling access without substantial upfront costs.
- This model provides predictable fees for easier budgeting. Revenue from leasing and maintenance was INR 17.32 Mn in FY22, INR 20.82 Mn in FY23, and INR 21.00 Mn in FY24 representing 0.82%, 0.85% and 0.82% of total revenue, respectively.

### Diversifying Anti Wear Solutions and Heavy Engineering Equipment business into new industries

- In response to the growing demand for wear solutions in heavy machinery, the company plans to expand its focus beyond the cement, steel and power sectors to include defense and mining.
- The defense sector presents challenges with diverse heavy equipment needing specialized wear solutions, while the mining industry, known for its abrasive conditions, aligns well with the company's expertise.
- Defense production in India reached INR 1,269 Bn in FY 2024, with a 8.0% CAGR from 2017 to 2024. By fostering a culture of innovation, the company aims to deliver customized solutions that meet the evolving needs of heavy engineering equipment across various industries, leveraging technological advancements to address sector-specific requirements.

### Risks:

- The company is becoming more reliant on the domestic market for its sales and any decline in this market could negatively impact its market share.
- Reliance on its four Nagpur manufacturing facilities makes the company vulnerable to local unrest, natural disasters or production disruptions, which could harm its business.
- The company's reliance on specific industries means that economic cyclicality or reduced demand in these sectors could adversely affect its operations and finances.
- Negative cash flows in past fiscal years could adversely impact the company's future operations and financial condition.

## Diffusion Engineers Limited

### Outlook and Valuation:

Diffusion Engineers Limited, a leading manufacturer and service provider in the welding consumables and heavy engineering sectors, is well-positioned to capitalize on the growing demand for durable and efficient industrial solutions. Operating in a steadily expanding market driven by increasing industrialization and the need for wear-resistant materials, the company benefits from its established reputation and long-standing relationships with a diverse clientele, including major players in the cement, steel, and power sectors. The company's strategic focus on forward integration has allowed it to evolve from manufacturing welding electrodes to producing advanced welding consumables and heavy engineering equipment. This evolution, coupled with a commitment to quality and customized solutions, has led to consistent financial growth, with revenue increasing at a 3 year revenue CAGR of 21% and a PAT CAGR of 38% from FY21-24. With a focus on operational efficiency and customer-centric strategies, Diffusion Engineers is well-equipped to meet the evolving needs of its clients. Currently, the company is attractively valued at a PE ratio of 20x on FY24 Adj EPS, which is at a discount relative to its peers. We assign a **"SUBSCRIBE"** rating to Diffusion Engineers Limited, given its robust business model and strategic initiatives aimed at sustaining long-term growth.

### Peer Comparison:

Particulars	Diffusion Engineers Limited	Ador Welding Limited	AIA Engineering Limited
Revenue from operations	2,718	8,838	48,538
EBITDA	389	899	13,353
EBITDA Margin (%)	14%	10%	28%
PAT	308	632	11,370
PAT Margin	11%	7%	22%
ROE (%)	19%	18%	18%
ROCE (%)	21%	24%	23%
EPS	8.23*	49.3	119
PE ratio	20.41	27.40	37.10
RONW (%)	19%	18%	18%

\*Based on Adj EPS

Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

### Financials:

Income Statement (INR Mn)	FY22	FY23	FY24	Cash Flow (INR Mn)	FY22	FY23	FY24
<b>Revenue</b>	<b>2,046</b>	<b>2,549</b>	<b>2,781</b>				
Operating Expenditure	1,821	2,270	2,393	CFFO	-1,232	-987	1,015
<b>EBITDA</b>	<b>225</b>	<b>279</b>	<b>389</b>				
<b>EBITDA Margin %</b>	<b>11%</b>	<b>11%</b>	<b>14%</b>	CFFI	760	292	-122
Other Income	42	38	74	CFFF	449	836	-829
Depreciation	42	38	45	Net Increase/(Decrease) in Cash	-24	141	67
Interest	14	23	18	Cash at beginning	49	25	166
<b>PBT and Exceptional Items</b>	<b>211</b>	<b>255</b>	<b>400</b>	Cash at end	25	166	233
Exceptional Items	0	0	3				
<b>PBT and share of profit (loss) from associates</b>	<b>211</b>	<b>255</b>	<b>397</b>				
Share of profit / (loss) from associates	9	31	14				
Tax	49	65	103				
<b>PAT</b>	<b>170</b>	<b>221</b>	<b>308</b>				
<b>PAT Margin (%)</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>				
<b>Adjusted EPS</b>	<b>4.55</b>	<b>5.92</b>	<b>8.23</b>				

Balance sheet (INR Mn)	FY22	FY23	FY24
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	601	633	906
Other non-current assets	249	280	369
<b>Current Assets</b>			
Inventories	444	517	532
Trade receivables	503	701	666
Other current assets	98	172	282
<b>Total Assets</b>	<b>1,895</b>	<b>2,303</b>	<b>2,756</b>
<b>Equity &amp; Liabilities</b>			
Equity share capital	37	37	280
Other equity	1,169	1,383	1,627
Non Controlling Interest	2	2	3
<b>Total Equity</b>	<b>1,208</b>	<b>1,422</b>	<b>1,910</b>
<b>Non -Current liabilities</b>			
Financial liabilities	35	25	10
Other non-current liabilities	34	38	52
<b>Current liabilities</b>			
Financial liabilities	232	472	367
Trade payables	309	247	309
Other current liabilities	79	100	108
<b>Total Equity and Liabilities</b>	<b>1,895</b>	<b>2,303</b>	<b>2,756</b>

Source: IPO Prospectus, KRChoksey Research

## Diffusion Engineers Limited

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