

PGS & Associates

Chartered Accountants

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CERTIFICATE ON WEIGHTED AVERAGE PRICE OF SHARES OF PROMOTERS

Date: 16/09/2024

To,

The Board of Directors

Diffusion Engineers Limited

T-5 & T-6, Nagpur Industrial Area, MIDC,

Hingna, Nagpur -440016 Maharashtra.

Unistone Capital Private Limited

A/ 305, Dynasty Business Park,

Andheri-Kurla Road, Andheri East,

Mumbai – 400 059, India.

(Unistone Capital Private Limited referred to as the “Book Running Lead Manager”)

Dear Sir(s),

Sub: Proposed initial public offering of equity shares of face value ₹ 10/- each (the “Equity Shares”) of Diffusion engineers Limited (the “Company” and such offering, the “Issue”)

We, the statutory auditors of the Company, have received a request from the Company to verify and certify the weighted average price at which specified security was acquired by each of the promoters in the last (i) one year, (ii) eighteen months and (iii) three years (as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended).

We have performed the following procedures: (i) obtained the list of Promoters as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, from the Company; (ii) compared the date of acquisition / sale / transfer, number of Equity Shares; and acquisition / issue cost per Equity Share, with the share allotment register, minutes of the meetings of the board of directors of the Company and duly organized committees thereof, minutes of annual general meetings and extra ordinary general meetings, relevant statutory registers, bank statements, relevant forms including share transfer forms, RBI filings, demat transfer statements, depository instruction slips and other documents and accounts as may be deemed relevant.

Accordingly, based on the information and explanation provided to us by the Company, and on review of the following documents: (a) Form 2 (Return of Allotment) pursuant to Section 75(1) of the Companies Act, 1956, as amended (for allotments since inception to March 31, 2014) and Form PAS-3 pursuant to Section 39(4) of the Companies Act, 2013, as amended, and Rule 12 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (for allotments since April 1, 2014) along with extracts of relevant board and shareholder resolutions; (b) Form SH-7 pursuant to Section 64(1) of the Companies Act, 2013, as amended and Rule 15 of the Companies



(Share Capital and Debenture Rules), 2014; (c) confirmation from the Company for monies received and (d) share allotment and share transfer registers, minutes of the meetings of the Board of Directors of the Company and duly organized committees thereof, minutes of annual general meetings and extra-ordinary general meetings of the Company, relevant statutory registers, bank account statements, relevant filings with the Reserve Bank of India, demat transfer statements, share transfer forms, income tax returns, delivery instruction slips, any other forms filed with any regulatory authority in this regard and other documents presented to us, we hereby certify that the following:

Name of the Promoters	Number of Equity Shares held as on 31 st July 2024	Weighted Average cost of acquisition per share
PRASHANT GARG	1,03,79,551	10.11
CHITRA GARG	61,30,971	6.55
NITIN GARG	68,76,254	3.31
Prashant Garg and Neelu Garg	65,548	18.48
DR. NITIN & RENUKA GARG	5,26,967	6.07

NAME OF THE PROMOTERS	NUMBER OF EQUITY SHARES HELD AS OF 31 ST JULY 2024	WEIGHTED AVERAGE PRICE PER SHARE IN THE LAST ONE YEAR (₹)
PRASHANT GARG	1,03,79,551	2.24
CHITRA GARG	61,30,971	3.78
NITIN GARG	68,76,254	Nil*
Prashant Garg and Neelu Garg	65,548	Nil*
DR. NITIN & RENUKA GARG	52,69,67	Nil *

*Bonus shares issue as on 29th November 2023



Weighted average cost of acquisition of all Equity Shares transacted in the three years, eighteen months and one year immediately preceding the date of this certificate:

Particulars	Weighted Average Cost of Acquisition (in ₹)	Range of acquisition price: Lowest Price - Highest Price (in ₹)	Cap Price ([●]) is 'x' times the Weighted Average Cost of Acquisition#
Last one year preceding the date of this Red Herring Prospectus	12.68	0-762	[●]
Last 18 months preceding the date of this Red Herring Prospectus	12.68	0-762	[●]
Last three year preceding the date of this Red Herring Prospectus	12.68	0-762	[●]

The computation of the weighted average price of the Equity Shares in the three years, eighteen months and last one years is provided below:

Nature of Transaction	Nature of Consideration	Date of Acquisition/Allotment/Transfer [#]	No. of shares Acquired/Allotted	Face value per share	Cost per share (₹)	Total Cost	Cumulative amount paid for the Equity Shares	Cumulative number of Equity Shares	Supporting Documents Annexed as [a]
						(₹)			
private placement	Cash	11.10.2023	2,65,570	10	762	202364340	202364340	202364340	
Bonus	NA	29.11.2023	2,40,18,222	10	0		202364340	202364340	

Weighted Average Price per share in last One Year 12.68



[#: Please provide details in chronological order with the first acquisition appearing first.

*: These documents will be compiled by and provided by the Company. For each acquisition, the following documents will be required:

- For fresh allotments supporting certified true copy of Form PAS-3 as filed with the RoC
- For acquisition by way of share transfer: certified true copy of: (i) extract of the relevant Board Resolution; (ii) extract from the Register of Members and Share Transfers; (iii) Share transfer deed (SH-04) (iv) demat transfer slips (where shares are in demat form)]

Weighted average cost of acquisition, floor price and cap price

Past transactions	Weighted average cost of acquisition per Equity Share* (in ₹)	Floor price in ₹ [●]#	Cap price in ₹ [●]#
<p>Weighted average cost of acquisition for last 18 months for primary/new issue of shares (equity/convertible securities), excluding shares issued under an employee stock option plan/employee stock option scheme and issuance of bonus shares, during the 18 months preceding the date of filing of the DRHP, where such issuance is equal to or more than 5 per cent of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days</p> <p>Note: In the event there are no such primary transactions, the information has to be disclosed for price per share of the Company based on the last 5 primary transactions, not older than 3 years prior to the date of filing of the DRHP, irrespective of the size of transactions</p>		[●]	[●]
<p>Weighted average cost of acquisition for last 18 months for secondary sales/acquisition of shares (equity/convertible securities), where promoters / promoter group entities or shareholder(s) having the right to nominate director(s) in the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of the DRHP, where either acquisition or sale is</p>	[●]	Cannot be determined at this stage	Cannot be determined at this stage



Past transactions	Weighted average cost of acquisition per Equity Share* (in ₹)	Floor price in ₹ [●]#	Cap price in ₹ [●]#
<p>equal to or more than 5 per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days</p> <p>Note: In the event there are no such secondary transactions, the information has to be disclosed for price per share of the Company based on the last 5 secondary transactions (secondary transactions where promoters /promoter group entities or shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction), not older than 3 years prior to the date of filing of the DRHP, irrespective of the size of transactions</p>			

#To be updated in Prospectus

The calculation of the weighted average cost of acquisition from primary/secondary transactions in the table above is as set forth in **Annexure A** hereto.

The Company has confirmed that till the date on which the Equity Shares are listed and commence trading on the National Stock Exchange of India Limited, ("NSE") and BSE Limited ("BSE") (collectively referred as "**Stock Exchanges**"), any acquisition and/or sale of any Equity Shares of the Company by its Promoters will immediately be intimated to us and the Book Running Lead Manager to the Issue.

We hereby confirm that we have conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the '*Guidance Note on the Reports or Certificates for Special Purposes (Revised 2019)*' issued by the Institute of Chartered Accountants of India ("ICAI"), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Notes requires that we comply with the ethical requirements of the 'Code of Ethics' issued by the ICAI, as revised from time to time. We also confirm that we have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,' issued by the ICAI.

We hereby give consent to the extracts of this certificate to be used in the Draft Red Herring



Prospectus (“DRHP”), the Red Herring Prospectus (“RHP”) and the Prospectus and submission of this certificate as may be necessary, to the Securities and Exchange Board of India (“SEBI”), the Stock Exchanges where the Equity Shares are proposed to be listed and the Registrar of Companies, Maharashtra at Mumbai (“RoC”) or any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the Issue and in accordance with applicable law.

This certificate may be relied upon by the Company, Book Running Lead Manager and the legal counsel in relation to the Issue for the purpose of any defence the Book Running Lead Manager and the legal counsel may wish to advance in any actual or potential legal claims, proceedings, notices or disputes relating to or connected with the Issue Documents or otherwise in connection with the Issue.

We confirm that any changes to the above that we may be aware of shall immediately be intimated to the Book Running Lead Manager till the date the Equity Shares of the Company commence trading on the Stock Exchange. In the absence of any communication from us, you may assume that there is no change in respect of the matters covered in this certificate.

Terms capitalised and not defined herein shall have the same meaning as ascribed to them in the Offer Documents.

Sincerely,

For P G S & ASSOCIATES
Chartered Accountants
Firm Registration No.: 122384W





Premal H Gandhi
Partner
Membership No: 111592
Place: Mumbai
Date: 16.09.2024
UDIN: 24111592BKBIQP3344