



P. M. VALA & ASSOCIATES

COMPANY SECRETARIES

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Date: 06th June'2024

To,
The Board of Directors
Diffusion Engineers Limited
T-5/6 MIDC, Hingna Industrial Area
Nagpur-440016

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 ₹ 10 each (the “Equity Shares”) of Diffusion Engineers Limited (the “Company” and such offering, the “Issue”)

I, Mr. P. M. Vala , Practicing Company Secretaries have received a request from the Company to certify that the discrepancies and errors disclosed by the Company in the Draft Red Herring Prospectus dated April 27, 2024 filed before SEBI have been intimated to the Registrar of Companies, Maharashtra at Mumbai (“ROC”).

Accordingly, based on the information and explanations provided to me by the management of the Company and on a review of adjudication applications and e-Form GNL-2 (SRN: AA6958442 and SRN: AA8323441) filed by the Company and other relevant records maintained by the Company and presented to me, I hereby confirm and certify as under:

S. No.	Particulars	Manner of Intimation to ROC
1.	There have been errors in some of the returns of allotment filed by the Company with the ROC. For instance: a. With regard to allotment dated September 04, 1989, the date of allotment has erroneously been stated in return of allotment (Form 2) as October 05, 1989;	The Company has filed e-Form GNL-2 vide SRN: AA6958442 dated February 28, 2024 to inform the ROC of the errors in the return of allotment.

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	b. with regard to allotment dated November 09, 2003, the date of allotment has erroneously been stated as December 01, 2003 instead of November 09, 2003.	
2.	The Company's board had during their meeting held on August 9, 2014 appointed Ajay Jain and Anita Vijaykar as Independent Directors of the Company for a period of 5 years and their appointment was approved by the shareholders at their Annual General Meeting held on September 22, 2014. However, due to an inadvertent error, the e-Form DIR-12 and the attachments thereto filed by the Company on November 12, 2014 mentioned the period of appointment as three (3) years instead of five (5) years.	The Company has filed an application dated November 24, 2023 before the ROC, for rectification of the aforesaid e-Form DIR-12. The ROC has vide its letter dated December 22, 2023 marked the e-Form DIR-12 dated November 12, 2014 as defective and advised the Company to file the e-Form afresh with fee and additional fee, as applicable, after rectifying the defects or incompleteness therein within a period of thirty days from the date of this notice. The Company has been in the process of re-filing the e-Form DIR-12, however, it is facing technical issues in doing so. The Company has also raised a ticket on the Ministry of Corporate Affairs ("MCA") Portal in this regard the Company.
3.	Prashant Garg (DIN: 00049106) was appointed as an Additional Director on the Board of the Company on November 09, 2003, his appointment was thereafter regularized at the ensuing Annual General Meeting held on September 04, 2004 however, Form 32 was not filed for such regularization.	The Company along with its Managing Director, Prashant Garg (DIN: 00049106) have on February 29, 2024 voluntarily filed an application for adjudication vide e-Form GNL-1 (SRN: F92909050) before the ROC under section 454 of the Companies Act, 2013 for the default.
4.	Company has not filed Form CHG-1 and CHG- 4 with ROC with respect to a vehicle loan of ₹7.3 million taken in the year 2018 and repaid by 2022. Similarly, the Company has defaulted in filing Form 8 with ROC with respect to a vehicle loan of ₹1.3 million which was sanctioned to the Company in the year 2005.	The Company has filed e-Form GNL-2 vide SRN: AA8323441 dated June 6, 2024 to inform the said error to the ROC.
5.	There had been a default in filing the Form BEN-2 with the ROC pertaining to Significant Beneficial Ownership (SBO) of the Company with respect to the Equity Shares held by NK Garg HUF wherein the Significant Beneficial	The Company and its Managing Director i.e. Prashant Garg have on February 10, 2024 voluntarily filed an application for adjudication vide e-Form GNL-1 (SRN: F92031319) before the ROC under section 454 of the Act for the delay in filing the Form BEN-2 with the ROC

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	<p>Owner of the shares would be the Karta of the HUF i.e. Narendra Kumar Garg.</p> <p>Subsequently, pursuant to change in Significant Beneficial Owner (i.e. from Narendra Kumar Garg to Dr. Nitin Garg as Karta), Form BEN-2 has been filed by the Company with ROC on December 15, 2023 with a delay.</p>	<p>pursuant to change in Significant Beneficial Owner (i.e. from Narendra Kumar Garg to Dr. Nitin Garg as Karta of N. K. Garg HUF)</p>
6.	<p>The Company has delayed in filing Form 23/Form MGT-14 on various occasions as provided below:</p> <ol style="list-style-type: none"> a. Special resolution passed with regard to the appointment of Prashant Garg as the Managing Director of the Company; b. Filing of proceedings of 38th, 39th and 40th annual general meetings held through video conferencing in accordance with applicable MCA Circulars. c. Special resolution passed by the shareholders of the Company for approving the issuance of sweat equity shares during the fiscal 2009. 	<p>The Company and its Managing Director, Prashant Garg have voluntarily filed applications for adjudication vide e-Form GNL-1 before the ROC under section 454 of the Act for the delay in the following manner:</p> <ol style="list-style-type: none"> a. Special resolution passed with regard to the appointment of Prashant Garg as the Managing Director of the Company (GNL-1 vide SRN: F92032648 on February 10, 2024); b. Filing of proceedings of 38th, 39th and 40th annual general meetings held through video conferencing in accordance with applicable MCA Circulars (GNL-1 vide SRN: F92032648, F92034743, F92036409 respectively on February 10, 2024). c. Special resolution passed by the shareholders of the Company for approving the issuance of sweat equity shares during the fiscal 2009 (GNL-1 vide SRN: F92590470 on February 23, 2024).
7.	<p>The Company has delayed in filing Form 23/Form MGT-14 for the board resolution passed on December 26, 2023 with respect to the approval accorded by the board of directors for investing the funds of the Company in its subsidiary company</p>	<p>The Company and its Managing Director, Prashant Garg have voluntarily filed application for adjudication vide e-Form GNL-1 (SRN: F95715801) before the ROC under section 454 of the Act for the delay on May 24, 2024.</p>
8.	<p>The Company failed to transfer unclaimed dividend of ₹ 0.01 million to Investor Education Protection Fund in September 2012 in accordance with the provisions of Section 205C of the Companies Act, 1956.</p>	<p>The Company has filed e-Form GNL-2 vide SRN: AA8323441 dated June 6, 2024 to intimate the said error to the ROC.</p>

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9.	The Company has recorded the transfer of 200 Equity Shares on February 05, 2019 held in physical form. Such transfer was not in compliance with the provisions of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014.	The Company has filed e-Form GNL-2 vide SRN: AA8323441 dated June 6, 2024 to intimate the said error to the ROC.
10.	The authorized share capital of the subsidiary of the Company i.e. Diffusion Super Conditioning Services Private Limited has been wrongly recorded in its annual filings with the RoC as 5,000 shares divided into 5,000 Equity Shares of ₹100/- each instead 5,000 shares divided into 1,000 10% Cumulative Preference Shares of ₹ 100/- each and 4,000 Equity Shares of ₹100/- each.	The subsidiary company has, on June 1, 2024, belatedly filed e-Form SH-7 with respect to such reclassification.
11.	The Company has been allotted 3 corporate identity numbers U99999MH2000PLC124154, U99999MH1982PTC028644 and U00339KA1988PLC008957.	U99999MH2000PLC124154 is the active CIN for the Company, however, the same does not reflect the correct year of incorporation of the Company. The Company has raised service request/tickets on the MCA Portal for resolving this issue however, the issue remains unresolved as on the date of this certificate.

This certificate is issued for the purpose of the Issue, and can be used, in full or part, for information and inclusion in the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus and any other material used in connection with the Issue (together, the “Offer Documents”), which is filed by the Company with the Securities and Exchange Board of India (“SEBI”), the BSE Limited (the “BSE”) and the National Stock Exchange of India Limited (the “NSE”, and together with the BSE, the “Stock Exchanges”), Registrar of Companies, Maharashtra at Mumbai (“Registrar of Companies”) and / or any other regulatory or statutory authority.

This certificate may be relied on by the Company, BRLM, their affiliates and legal counsel in relation to the Issue (“Said Persons”). I hereby consent to this certificate being used in part or in full in the Offer Documents, and/ or for the records to be maintained by the Said Persons in connection with the Issue. I also consent to this certificate being disclosed by the Said Persons, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation in connection with the contents of this certificate.

Capitalised terms used and not defined herein shall have the same meaning as ascribed to them in the Offer Documents.

Yours sincerely,

Mr P. M. Vala
P. M. Vala & Associates
Practicing Company Secretary
Membership No.: FCS 5193
C.P. No.: 4237
Peer Review Cert.No.1884/2022
UDIN: F005193F000539474

Date : June 6, 2024
Place : Thane