



NOTICE OF THE FORTY-FIRST (41ST) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 41ST ANNUAL GENERAL MEETING OF THE MEMBERS OF THE DIFFUSION ENGINEERS LIMITED [CIN - U99999MH2000PLC124154] WILL BE HELD AT SHORTER NOTICE ON MONDAY, 25TH SEPTEMBER, 2023 AT 05.00 P.M. AT ITS REGISTERED OFFICE AND SIMULTANEOUSLY CO - ORDINATED THROUGH VIDEO CONFERENCING ("VC") / OTHER AUDIO-VISUAL MEANS ("OAVM") FROM T-5 & 6, MIDC, HINGANA NAGPUR - 440 016 TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements for the year ended March 31, 2023 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend of Rs.3 per equity share and to approve the interim dividend of Rs. 1 per equity share already paid during the year, for the year ended March 31, 2023.
3. To appoint a Director in place of Dr. Renuka Garg (DIN - 02815373) who retires from the office by rotation and being eligible, offers herself for re - appointment.
4. To appoint & fixing the remuneration of Statutory Auditor

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, PGS & Associates, Chartered Accountants (Firm Registration Number - 122384W) be and are hereby appointed as Statutory Auditor of the Company for the period of 5 years commencing from conclusion of this Annual General Meeting (AGM) of the Company till the conclusion of AGM to be held in the year 2028 and the Board of Directors of the Company be and are hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."



DIFFUSION ENGINEERS LIMITED

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

[t] 091-7104-232820, 234727, 236772 [f] 091-7104-232085, CIN : U99999MH2000PLC124154

[e] info@diffusionengineers.com, [w] www.diffusionengineers.com GSTIN : 27AAACD8008L1ZK

SPECIAL BUSINESS:-

5. Ratification of Remuneration payable to the Cost Auditors for the Financial Year 2023- 2024

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148[3] and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re – enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs.50,000/- (Rupees Fifty Thousand only) plus applicable taxes and reimbursement of travel and out of pocket expenses, to be paid to **M/s A. B. Verma & Co., Cost Accountants, Nagpur (Firm Registration No. 102527/ Membership No. 31367)**, who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2024.

RESOLVED FURTHER THAT the Board (including any Committee thereof) be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To increase the Authorized Share Capital of the Company

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 61 and 64 and any other applicable provisions, if any, of the Companies Act, 2013, including rules notified thereunder, as may be amended from time to time (including any statutory modification or re-enactment thereof for the time being in force); the consent of the members of the Company be and is hereby accorded, to increase Authorized Share Capital of the Company from Rs. 5,00,00,000 (Rupees Five Crore Only) divided into 50,00,000 (Fifty Lakh) equity shares of Rs. 10/- each to Rs. 15,00,00,000 (Rupees Fifteen Crore Only) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10/- each by creation of additional 1,00,00,000 (One Crore) equity shares of Rs. 10/- each ranking pari passu with the present Equity Shares of the Company."

7. To alter capital clause in Memorandum of Association of the company:

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 13, 61 and 64 and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules framed thereunder; the consent of the members of the Company be and is hereby accorded, for substituting Clause V of the Memorandum of Association of the Company with the following clause: V. The Authorized Share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crore Only) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rupees 10/- (Ten Only) each."

8. To issue Equity Shares on Preferential Basis in compliance with Section 42 and Section 62 of the Companies Act, 2013

To consider and if thought fit, to pass the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 23, 42, 62(1)(c) and 179 (3)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the Foreign Exchange Management Act, 1999, as amended or restated ("FEMA"), and rules, circulars, notifications, regulations and guidelines issued under FEMA, as amended from time to time, the other rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) (collectively, the "Acts & Rules"); and in accordance with the provisions of the Memorandum and Articles of Association of the Company and any other rules / regulations/ guidelines, if any, prescribed by the Reserve Bank of India or any other statutory regulatory authority; and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and as agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the shareholders of the Company be and is hereby accorded to create, issue, offer and allot 2,78,600 (Two Lakh Seventy Eight Thousand Six Hundred only) Equity Shares of the Company of the face value of INR 10 (Ten) each ("Equity Shares") on preferential allotment, at a price of INR 762 (Rupees Seven Hundred and Sixty Two only) (including a premium of INR 752 (Rupees Seven Hundred and Fifty Two Only) per Equity Share aggregating to INR 21,22,93,200/- (Rupees Twenty One Crore Twenty Two Lakh Ninety Three Thousand Two Hundred Only), to the following subscriber:

SR No.	Details of Subscriber	Number of Equity Shares	Consideration (Amount in INR)
1	Brijesh Parekh HUF	52,400	3,99,28,800
2	Mr. Ajay Sangani	52,400	3,99,28,800
3	Mr. Het Mehta	52,400	3,99,28,800

4	Mr. Yogesh Sanghavi	52,400	3,99,28,800
5	Mr. Prashant Garg	26,200	1,99,64,400
6	Mr. Ajay Jain	3,200	24,38,400
7	Ms. Daksha Jain	2,200	16,76,400
8	Mr. Abhishek Mehta	1,300	9,90,600
9	Mr. Vinod Kukreja	1,300	9,90,600
10	Ms. Chitra Garg	26,200	1,99,64,400
11	Ms. Sarika Dhokne	1,300	9,90,600
12	Ms. Lata Kawade	1,000	7,62,000
13	Ms. Neelu Garg	3,200	24,38,400
14	Ms. Kriti Singhal	500	3,81,000
15	Mr. Anubhav Garg	2,600	19,81,200
	Total	2,78,600	21,22,93,200

on a preferential basis through private placement."

"RESOLVED FURTHER THAT the Equity Shares to be issued and allotted pursuant to this resolution shall be subject to the clauses of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company in all respects."

"RESOLVED FURTHER THAT pursuant to the provisions of the Act & Rules, the name of the Subscribers be recorded for the issue of invitation to subscribe to the Equity Shares and that the private placement offer cum application letter in Form No. PAS-4 be issued to the Subscribers, inviting the Subscriber to subscribe to the Equity Shares, and the terms and conditions stated therein and the consent of the Company is hereby accorded to the issuance of the same."

"RESOLVED FURTHER THAT the monies to be received by the Company from the Subscribers for application of the securities pursuant to this private placement shall be kept by the Company in a separate bank account and shall be utilized by the Company in accordance with Section 42 of the Companies Act 2013."

"RESOLVED FURTHER THAT for the purpose of giving effect to the offer, issue, allotment of the Equity Shares, any Director, Chief Financial Officer and the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose, including without limitation, preparing, signing, executing, and filing applications with the appropriate authorities for obtaining requisite approvals for the issuance of the Equity Shares, as may be required, issuing clarifications on the issue and allotment of the Equity Shares, resolving any difficulties, effecting any modifications, changes, variation, alterations, additions and/or deletions to the foregoing conditions as may be required by any regulator, or other authorities or agencies involved in or concerned with the issue of the Equity Shares and as the Board may in its absolute

discretion deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to engage depositories, registrars, bankers, and other consultants and advisors to the issue and to remunerate them by way of fees and/or other charges and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies, as may be required and as permitted by law."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to delegate any or all of the powers conferred upon it by this resolution to any committee of directors, any other director(s), and/or officer(s) of the Company."

For and on behalf of Board of Directors
Diffusion Engineers Limited
FOR DIFFUSION ENGINEERS LTD.


PRASHANT GARG
MANAGING DIRECTOR

Prashant Garg
Chairman & Managing Director
(DIN - 00049106)

Date: 23rd September, 2023
Place: Nagpur

NOTES:-

- a) The Ministry of Corporate Affairs ('MCA') has vide its General Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, May 5, 2022 and December 28, 2022 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility / Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and the MCA Circulars, the 41st AGM of the Company is being held at Registered Office and simultaneously through VC/OAVM on Monday, September 25, 2023 at 5.00 p.m. (IST). The deemed venue of the proceedings of the 41st AGM shall be the Registered Office of the Company at T-5 & 6, MIDC, Hingana Nagpur - 440 016
- b) The attendance of the Shareholders attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- c) Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Item No.5, 6, 7 & 8 set out above is annexed hereto and forms part of this notice.
- d) All relevant documents referred to in this notice and the explanatory statement will be available for inspection by the members at the registered office of the Company during normal business hours on all working days [except Saturday(s) and Sunday(s) and public holiday(s)] up to the date of the AGM and during the continuance of AGM.

ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ("the Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 5 Item No.6, Item No.7 and Item No. 8 of the accompanying Notice dated 23rd September, 2023

Item No. 5

Pursuant to the provisions of Section 148 of the Companies Act, 2013 ("the Act"), read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to have the audit of its cost records conducted by a cost accountant in practice.

The Board of Directors of your Company has, on the recommendation of the Audit Committee, approved the appointment of **M/s A. B. Verma & Co., Cost Accountants, Nagpur (Firm Registration No. 102527/ Membership No. 31367)**, as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2024, at a remuneration of Rs. 50,000/- plus applicable taxes and reimbursement of travel and out of pocket expenses.

M/s A. B. Verma & Co., Cost Accountants, Nagpur (Firm Registration No. 102527/ Membership No. 31367), have the necessary experience in the field of cost audit and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company.

As per the provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing the resolution as set out in Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2024.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board accordingly recommends the ordinary resolution as set out in Item No. 5 of this Notice for your approval.

Item No. 6

The Directors of the Company have felt that for profitable working and expansion of business, Company needs more funds in the form of share capital. The Authorized Equity share capital of the Company is at present Rs. 5,00,00,000/- divided into 50,00,000 equity shares of Rs.10/-each. In order to expand the business, the Board of Directors feels it

desirable to increase the authorized share capital of the Company to Rs.15,00,00,000/- divided into 1,50,00,000 Equity Shares of Rs.10/- each.

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board accordingly recommends the Ordinary resolution as set out in Item No. 6 of this Notice for your approval.

Item No. 7

The Directors of the Company wishes to inform that consequent upon increase in authorized share capital of the Company, Clause V of Memorandum of Association of the Company needs to be altered accordingly.

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board accordingly recommends the Ordinary resolution as set out in Item No. 7 of this Notice for your approval.

Item No. 8

In order expand the business, the Company proposes to raise capital by issuing up to 2,78,600 (Two Lakh Seventy-Eight Thousand Six Hundred only) ("Equity Shares") of the face value of INR 10 at a price of INR 762 each (Face value INR 10 and Premium of INR 752) to the following subscriber:

SR No.	Details of Subscriber	Number of Equity Shares	Consideration (Amount in INR)
1	Brijesh Parekh HUF	52,400	3,99,28,800
2	Mr. Ajay Sangani	52,400	3,99,28,800
3	Mr. Het Mehta	52,400	3,99,28,800
4	Mr. Yogesh Sanghavi	52,400	3,99,28,800
5	Mr. Prashant Garg	26,200	1,99,64,400
6	Mr. Ajay Jain	3,200	24,38,400
7	Ms. Daksha Jain	2,200	16,76,400
8	Mr. Abhishek Mehta	1,300	9,90,600
9	Mr. Vinod Kukreja	1,300	9,90,600
10	Ms. Chitra Garg	26,200	1,99,64,400
11	Ms. Sarika Dhokne	1,300	9,90,600

12	Ms. Lata Kawade	1,000	7,62,000
13	Ms. Neelu Garg	3,200	24,38,400
14	Ms. Kriti Singhal	500	3,81,000
15	Mr. Anubhav Garg	2,600	19,81,200
	Total	2,78,600	21,22,93,200

on a preferential basis through private placement which has been approved by the Board of Directors of the Company at its meeting held on 08th September, 2023.

The Equity Shares, if any, allotted in the Offer shall rank pari passu in all respects with the existing equity shares.

The management propose to use the proceeds from the Offer for augmenting the capital, which will be identified by the Board, and for meeting requirements of funds for general corporate purposes of the Company.

Accordingly, the approval of the Shareholders is required in accordance with Sections 42 and 62 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Also an offer or invitation to subscribe securities under the private placement shall not be made to persons more than two hundred in the aggregate in a financial year.

The Board commends the passing of the Resolution at Item No.8 as a Special Resolution.

Further details of the proposed offer are disclosed below:

The following disclosures for the issue of equity shares on preferential basis are made in accordance with the provisions of Section 42 and 62 of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debenture) Rules, 2014:

1. Particulars of the offer including date of passing of Board Resolution:

The Board has pursuant to its resolution dated 08th September, 2023 accorded its approval for raising funds by issuing up to 2,78,600 (Two Lakh Seventy-Eight Thousand Six Hundred only) Equity Shares of face value of INR 10 (Rupees Ten) each on preferential basis through private placement, at a price of INR 762 (Rupees Seven Hundred and Sixty-Two) including a premium of INR 752 (Rupees Seven Hundred and Fifty-Two) per Equity Share. The Equity Shares, if any, allotted in the Offer shall rank in all respects pari passu with the existing equity shares.

2. The objects of the issue:

The proceeds from the issue will be utilized for the purpose of expansion of Business, repayment of debts/creditors etc. as identified by the Board, and for meeting requirements of funds for general corporate purposes of the Company.

3. The total number of shares to be issued:

2,78,600 (Two Lakh Seventy-Eight Thousand Six Hundred only) Equity Shares, in one or multiple tranches, as may be applicable.

4. Kinds of securities offered and the price at which security is being offered:

Equity Shares ranking pari passu with the existing Equity Shares are offered at a price of INR 762 (Rupees Seven Hundred and Sixty-Two) including a premium of INR 752 (Rupees Seven Hundred and Fifty-Two) per Equity Share.

5. Basis or justification on which the price has been arrived at (including premium) at which the offer or invitation is being made, along with report of the registered valuer:

Price arrived as per Fair Value method. A copy of the valuation report dated 16-08-2023, shall be available for inspection at the Registered Office of the Company during business hours from 9:30 A.M. to 6:30 P.M.

6. Name and address of valuer who performed valuation:

The valuation of the Equity Shares has been carried out by Mr. Swapnil Mukund Agrawal, Registered Valuer, [IBBI Reg No- IBBI/RV/06/2021/14205] having its office at Flat No. 102, Krushna Kunj, 10C, Nawab Layout, near Tilak Nagar ground, Nagpur 440010. The valuation report is dated 16-08-2023.

7. Relevant date with reference to which the price has been arrived at:

18th July, 2023.

8. Amount which the company intends to raise by way of such securities:

INR 21,22,93,200/- (Rupees Twenty-One Crore Twenty-Two Lakh Ninety-Three Thousand Two Hundred Only)

9. Material terms of raising such securities:

Issue and Allotment of 2,78,600 (Two Lakh Seventy-Eight Thousand Six Hundred only) Equity Shares at INR 762 (Rupees Seven Hundred and Sixty-Two) including a premium of INR 752 (Rupees Seven Hundred and Fifty-Two) per Equity Share at cash may be done in one or multiple tranches, as may be applicable.

10. Proposed time schedule:

Within 60 (sixty) days from the respective dates of receipt of application money for each tranche, or such other timeline as prescribed under any applicable laws.

11. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:

Contribution of Rs. 4,23,67,200 is being made by the promoters/directors as part of the offer.

12. Principle terms of assets charged as securities:

Not Applicable

13. The class or classes of persons to whom the allotment is proposed to be made:

Allotment to specific identified investor - Body corporate/Individual

14. Intention of promoters, directors or key managerial personnel to subscribe to the offer:

The intention of promoters, directors or key managerial personnel to subscribe to the offer is to minimize the dilution impact and for a successful and speedy execution in order to immediately help the Company to reduce its debt. Implementation of the overall plan which includes equity raise, divestment and business restructuring plans will strengthen the balance sheet of the Company, which in turn is expected to provide a strong platform for the Company to participate in emerging opportunities in the field of its specialization.

15. The proposed time within which the allotment shall be completed:

Within 60 (sixty) days from the respective dates of receipt of application money for each tranche, or such other timeline as prescribed under any applicable laws.

16. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:

Name of the proposed allottees	% post offer
Brijesh Parekh HUF	1.305%
Mr. Ajay Sangani	1.305%
Mr. Het Mehta	1.305%
Mr. Yogesh Sanghavi	1.305%
Ms. Chitra Garg	21.809%
Mr. Ajay Jain	0.080%
Ms. Daksha Jain	0.060%
Mr. Abhishek Mehta	0.032%
Mr. Vinod Kukreja	0.032%
Ms. Sarika Dhokne	0.032%

Mr. Prashant Garg	36.922%
Ms. Lata Kawade	0.037%
Ms. Kriti Singhal	0.012%
Ms. Neelu Garg	0.080%
Mr. Anubhav Garg	0.065%

17. The change in control, if any, in the company that would occur consequent to the preferential offer:

No change in control.

18. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

No equity shares allotted during the year.

19. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

Consideration in Cash only.

20. The pre issue and post issue shareholding pattern of the company:

As per Annexure A

The proposed resolution is recommended for the consideration of and approval by the shareholders of the Company by passing special resolution in the meeting.

Except Mr. Prashant Garg, Mr. Ajay Jain and Mr. Abhishek Mehta none of the Directors, Key managerial personnel of the Company or the relatives are in any way materially or financially concerned or interested in the resolution as set out at Item No.8

As required by Section 102(3) of the Companies Act, 2013, the documents with regard to the preferential issue shall be available for inspection at the Registered Office of the Company during business hours from 9:30 A.M. to 6:30 P.M.

**For and on behalf of Board of Directors
Diffusion Engineers Limited**

FOR DIFFUSION ENGINEERS LTD.


**PRASHANT GARG
MANAGING DIRECTOR**

**Date: 23rd September, 2023.
Place: Nagpur**

**Prashant Garg
Chairman & Managing Director
(DIN - 00049106)**

Annexure A
Pre-Issue and post issue Share Holding Pattern

Sr. no.	Category	Pre-issue		Post-issue	
		No of shares held	% of share holding	No of shares held	% of share holding
A	Promoters' holding				
1	Indian				
	Individual (and Promoters HUF)	36,71,110	98.22	37,26,710	92.80
	Bodies corporate	-	-	-	-
	Sub-total	36,71,110	98.22	37,26,710	92.80
2	Foreign promoters	-	-	-	-
	sub-total (A)	36,71,110	98.22	37,26,710	92.80
B	Non-promoters' holding				
1	Institutional investors	-	-	-	-
2	Non-institution				
	Private corporate bodies	-	-	-	-
	Directors and relatives (and their HUF)	10,700	0.29	16,100	0.40
	Indian public	55,657	1.49	2,70,657	6.74
	others (including NRIs)	-	-	2,600	0.06
	Sub-total (B)	66,357	1.78	2,89,357	7.20
	Grand Total	37,37,467	100	40,16,067	100