

NOTICE

NOTICE is hereby given that an Extra - Ordinary General Meeting (EGM) of Diffusion Engineers Limited ("Company"), will be held on Friday, December 28, 2018 at 11.30 A.M. at T - 5 & 6, MIDC, Hingana, Nagpur - 440 038 to transact the following business:

SPECIAL BUSINESS

1. To borrow in excess of aggregate of its paid - up share capital & free reserves

To consider and if thought fit to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to Section 180 (1) (a), (c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid - up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 200 Crores (Two Hundred Crores) at any one point of time"

"RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorized to do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any others person as it may deem fit subject to the provision of the Companies Act, 2013."



DIFFUSION ENGINEERS LIMITED

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

Branches At : Chennai • Faridabad • Jamshedpur • Pune • Raipur • Secunderabad • Vadodara

2. Creation Of Charge/Mortgage On The Assets of the Company

To consider and if thought fit to pass, with or without modification, the following resolution as a **Special Resolution**:

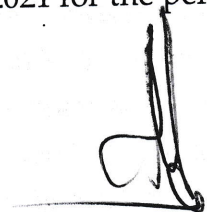
“**RESOLVED THAT** consent of shareholders of the company be and is hereby accorded, pursuant to Section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions, investors and any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed Rs. 200 Crores (Rupees Two Hundred Crores only) at any time.”

“**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorized authorised to finalise with Banks/Financial Institutions the documents for creating aforesaid mortgage and/or the charge and to do all such acts, deeds, matters and things as may be necessary, proper and expedient or incidental for giving effect to this resolution.”

3. Revision in the remuneration of Chairman & Managing Director Mr. N. K. Garg

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification from time to time or any re - enactment thereof for the time being in force) (the “Act”) read with Schedule V to the said Act, and subject to the approval of the members of the company and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded for payment of remuneration of Rs.1,20,00,000/- per annum and commission up to 5% of Net Profits of the Company, subject to maximum of Rs.75,00,000/- per annum, payable for financial year in which adequate profit is earned, to

Mr. N. K. Garg Managing Director (DIN No. 00049074), of the Company with effect from January 1, 2019, up to December 31, 2021 for the period of 3 years.



RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the members or such other competent authority.

RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to the Managing Director, the above remuneration excluding commission amount payable on profits earned as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any.

4. Revision in the remuneration of Whole Time Director Mr. Prashant Garg

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the earlier resolution passed by the members of the company in their meeting held on 26th September, 2018 and pursuant to the provisions of Section 196,197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the “Act”) read with Schedule V to the said Act, and subject to the approval of the members of the company and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded for payment of remuneration of Rs.1,20,00,000/- per annum and commission up to 5% of Net Profits of the Company, subject to maximum of Rs.75,00,000/- per annum, payable for financial year in which adequate profit is earned, to Mr. Prashant Garg Whole Time Director (DIN No. 00049106), of the Company with effect from January 1st, 2019, up to December 31st, 2021 for the period of 3 years.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the



overall limits as specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the members or such other competent authority.

RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Whole Time Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to the Whole Time Director, the above remuneration excluding commission amount payable on profits earned as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any.

By Order of the Board
For DIFFUSION ENGINEERS LIMITED

Place: Nagpur

Date: 18thDecember, 2018.


N.K. GARG

(DIN - 00049074)

Chairman & Managing Director

Notes:-

- a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- b) The meeting has been convened by giving a shorter notice than required under the Companies Act, 2013. The consent of requisite no of shareholders have been obtained.

Explanatory statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 1 & 2

Section 180 (1) (c) of the Companies Act, 2013 permits the Company to borrow money along with the money already borrowed by the Company, except the temporary loans obtained from the Companies banker in ordinary course of business, beyond the paid -up capital and free reserve of the Company, only if the same is approved by the Members of the Company.

Hence, members of the Company are requested to give their approval to borrow the money along with the money already borrowed by the Company in excess of its paid -up capital and free reserve i.e. Up to Rs. 200 Crores.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole or part of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the General Meeting.

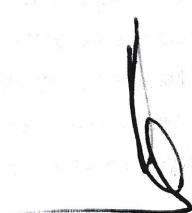
None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution except to the extent of their shareholding, in the Company.

ITEM NO. 3

The Nomination and Remuneration Committee, in its meeting held on December 18, 2018 recommended and the Board of Directors, in its meeting held on December 18, 2018, approved the payment of remuneration of Rs.1,20,00,000/- per annum and commission upto 5% of Net profit of the Company, subject to maximum of Rs.75,00,000/- per annum, payable for financial year in which adequate profit is earned, to Mr. N. K. Garg Chairman and Managing Director (DIN No. 00049074), of the Company for 3 years with effect from January 1, 2019, subject to the approval of the shareholders in the Extra Ordinary General Meeting ***and such other authorities as may be necessary, disclosure as required under Schedule V to the Companies Act, 2013 is given hereunder and Annexure to this Notice.

Mr. N. K. Garg has done a Diploma in Mechanical Engineering Mr. N. K. Garg is the chief the Promoters of the Company and has been working as a Chairman and Managing Director for over 20 years. He is the main driving force in growth and expansion of the company in domestic as well as overseas market. With his hard work and dedication the Company has achieved tremendous growth, with tremendous wealth of experience the company has been making inroads in new areas.

Considering his total devotion for the growth of the company and to reward his efforts the revision in remuneration was approved by the Board which commensurate with industry standards & responsibilities handled by Mr. N. K. Garg. , due to inadequacy of profits, the managerial remuneration paid/payable needs to be approved for the period of 3 years starting from January 1, 2019.



Mr.N. K. Garg and his relatives shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to Mr. N. K. Garg under the resolution. The Board of Director recommends the relevant resolution for your consideration and approval as a Special Resolution. None of the Directors except Mr. N. K. Garg himself Mr. Prashant Garg and Dr. Renuka Garg, as a relatives of Mr. N. K. Garg, are concerned or interested in the resolution. No other Directors or their relatives are concerned or interested in the resolution.

ITEM NO. 4

The Nomination and Remuneration Committee, in its meeting held on 18th December, 2018 recommended and the Board of Directors, in its meeting held on 18th December, 2018 approved the payment of remuneration of Rs. 1,20,00,000/- per annum and commission up to 5% of Net profit of the Company, subject to maximum of Rs.75,00,000/- per annum, payable for financial year in which adequate profit is earned, to Mr. Prashant Garg Whole Time Director (DIN No. 00049106), of the Company for 3 years with effect from January 1st, 2018, subject to the approval of the shareholders in the Extra Ordinary General Meeting ***and such other authorities as may be necessary, disclosure as required under Schedule V to the Companies Act, 2013 is given hereunder and Annexure to this Notice.

Mr. Prashant Garg is a B.E Industrial Engineering—he has been 2nd University Topper from Nagpur University and has done MBA from Said Business School Oxford University, he has also completed Small Medium Enterprise Course from Indian Institute of Management Ahemdabad Mr.Prashant Garg is one of the Promoters of the Company and has been working as a WholeTime Director for over 10 years. He is instrumental in growth and expansion of the company in domestic as well as overseas market. In the recent past company has expanded in new geographies like Philippines, Singapore, Indonesia, Malaysia and the UK. Company is planning to get into Middle East and has established a new workshop in Indonesia.

With his hard work, dedication and under his supervision the company has established a new state of art facility to manufacture large equipment for cement, steel and power sector. The company has developed young team of leaders in various functions which is driving the growth on all fronts. Considering his professional qualifications and vast experience and to reward his efforts the revision in remuneration was approved by the Board based on industry standards, responsibilities handled by Mr. Prashant Garg. However, due to inadequacy of profits, the managerial remuneration paid/payable needs to be approved for the period of 3 years starting from October 1, 2018.

Mr. Prashant Garg and his relatives shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to Mr. Prashant Garg under the resolution. The Board of Director recommends the relevant resolution for your consideration and approval as a Special Resolution. None of the Directors except Mr. Prashant Garg himself Mr. N. K. Garg and Dr. Renuka Garg, as a relatives of Mr. Prashant Garg, are concerned or interested in the resolution. No other Directors, or their relatives are concerned or interested in the resolution.

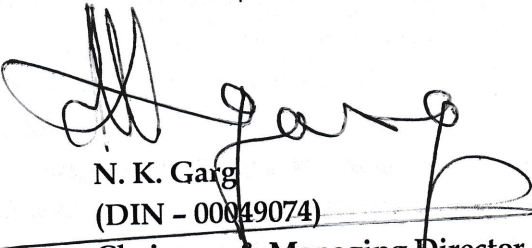


*****Note:-**

On the 12th of September 2018, the Ministry of Corporate Affairs (MCA) notified sections 66 to 70 of the Companies (Amendment) Act, 2017 (CAA, 2017). The sections have been notified and brought into effect in tranches. The amendments have been brought certain sections of Chapter XIII of CA, 2013 that deals with the Appointment and Remuneration of Managerial Personnel. Schedule V has also been amended accordingly vide notification dated 12th of September 2018.2 the corresponding changes in the Companies (Appointment and Remuneration of Management Personnel) Amendment Rules, 2018 have also been notified. Section 67 of CAA 2017 amended section 197 wherein permission of Central Government is no longer required for payment of managerial remuneration where it exceeds overall limit of 11%, the provisions of relevant section is reproduced below:

197 (1) The total managerial remuneration payable by a public company, to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven per cent. of the net profits of that company for that financial year computed in the manner laid down in section 198 except that the remuneration of the directors shall not be deducted from the gross profits: Provided that the company in general meeting may, ~~with the approval of the central government,~~ authorise the payment of remuneration exceeding eleven per cent. of the net profits of the company, subject to the provisions of Schedule V

By Order of the Board
For DIFFUSION ENGINEERS LIMITED



N. K. Garg
(DIN - 00049074)
Chairman & Managing Director

Place: Nagpur

Date: 18th December, 2018.