

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

ECE INDUSTRIES LIMITED

Regd. Office: ECE House 28A, Kasturba Gandhi Marg New Delhi-110001

CIN: U31500DL1945PLC008279

E-Mail: ecehodelhi@gmail.com

Tel. No.: 2331 4237, 2331 4238, 2331 4239

Website: www.eceindustriesltd.com

This letter of offer is being sent to you as registered equity shareholders of **ECE INDUSTRIES LIMITED** (the "Company") as on **06th May, 2022** ("**Record Date**") or the beneficial owners of fully paid-up equity share (s) of face value INR 10.00 (Rupees Ten only) each of the Company (the "**Equity Shares**") as on the record Date (as per the records made available to the Company by depositories as on the Record date) in accordance to the regulations made thereunder.

The buyback is in accordance with the Articles of Association of the Company and subject to the provisions of Sections 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, as amended and applicable on the Company from time to time.

The Buyback is within the statutory limits of 25% of the total paid-up equity share capital and free reserves as per the audited financial statements of the Company. The Buyback Size is 10.13% and 8.30% of the aggregate of the fully paid-up equity capital, free reserves and securities premium account adopted from the audited financial statement as on 31st March, 2021 and the un-audited standalone financials (subjected to the limited review of the statutory auditors), as on 31st December, 2021.

The procedure for tendering and settlement is set out in Annexure-XI of this Letter of Offer. The Form of Acceptance-cum-Acknowledgement (the Tender Form) is enclosed together with this Letter of Offer.

Cash Offer to Buy-Back of upto 16,80,649 fully paid Equity Shares of INR 10.00 each at a price of INR 145.00 per share, aggregating INR 24,36,94,105/- by the Company from the Shareholders on proportionate basis.

BUY-BACK PROGRAMME

Offer Opens On	Saturday, 14th May, 2022
Offer Closes On	Saturday, 28th May, 2022

[Pursuant to section 68 of the Companies Act, 2013 and Rule 17(2) of the Companies (Share Capital & Debentures) Rules, 2014]

1	Name of the Company	:	ECE INDUSTRIES LIMITED
2	CIN Date of Incorporation E-mail ID	:	U31500DL1945PLC008279 13/06/1945 ecehodelhi1@gmail.com
3	Registered Office	:	ECE House, 28A, Kasturba Gandhi Marg, New Delhi-110001
4	Brief information about Company	:	ECE Industries Limited was originally incorporated under the provisions of the Companies Act, 1913 as a Public Limited Company with the name & style as "Electric Construction and Equipment Company Ltd.". In 1976, the Registered office of the company was shifted from the State of West Bengal to the NCLT of Delhi. Currently, the company is an unlisted Public Limited company and is engaged in the business of manufacturing of Power Transformers and Elevators.
5	Details of the directors and key managerial personnel	:	Annexure - I
6	Date of passing Board Resolution.	:	07 th April, 2022
7	Details of the offer including the total number and percentage of the total paid-up capital and free reserves proposed to be bought back and price at which the shares are proposed to be bought back;	:	Total No. of Shares: 16,80,649 equity shares (being 25% of total number of paid-up equity share capital) Price at which shares are bought back: INR 145/- Total amount of buyback: INR 24,36,94,105/- as on 31 st December 2021 (being within the maximum amount of buy-back of INR 73,51,56,894 which is 25% of total paid-up Equity Capital, Free Reserves and Securities Premium account).
8	The objective of the buy-back	:	The equity shares of the Company are not listed on any Stock Exchange. As such liquidity is not presently available to the shareholders due to lack of trading facilities in shares. The Company intends to provide liquidity to the existing shareholders through this buy back to help them in disposing off their holding at a reasonable price without effecting the interest of the shareholders who wish to continue to hold their equity shares.

9	The maximum number of securities that the company proposes to buy-back and sources of funds from which the buy-back would be made;	:	Maximum no. of securities: 16,80,649 equity shares. It is proposed to finance the said buy-back out of the share premium and free reserve of the Company.																								
10	The proposed time table from opening of the offer till the extinguishment of the certificates;	:	Annexure - II																								
11	Present capital structure (including the number of fully paid and partly paid securities);	:	Annexure - III																								
12	Amounts as on 31 st December, 2021 a) Free reserves b) Securities premium c) Proceeds out of fresh issue of any shares or other specified securities d) <u>Debt:</u> Secured Unsecured Total		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">(in INR)</th> <th style="width: 25%; text-align: center;">(In%)</th> </tr> </thead> <tbody> <tr> <td>a) Free reserves</td> <td style="text-align: right;">265,27,22,389</td> <td style="text-align: right;">76.88</td> </tr> <tr> <td>b) Securities premium</td> <td style="text-align: right;">21,50,18,738</td> <td style="text-align: right;">6.24</td> </tr> <tr> <td>c) Proceeds out of fresh issue of any shares or other specified securities</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>d) <u>Debt:</u></td> <td></td> <td></td> </tr> <tr> <td> Secured</td> <td style="text-align: right;">58,25,32,532</td> <td style="text-align: right;">16.88</td> </tr> <tr> <td> Unsecured</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">345,02,73,659</td> <td style="text-align: right; border-top: 1px solid black;">100.00%</td> </tr> </tbody> </table>		(in INR)	(In%)	a) Free reserves	265,27,22,389	76.88	b) Securities premium	21,50,18,738	6.24	c) Proceeds out of fresh issue of any shares or other specified securities	-	-	d) <u>Debt:</u>			Secured	58,25,32,532	16.88	Unsecured	-	-	Total	345,02,73,659	100.00%
	(in INR)	(In%)																									
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c) Proceeds out of fresh issue of any shares or other specified securities	-	-																									
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Secured	58,25,32,532	16.88																									
Unsecured	-	-																									
Total	345,02,73,659	100.00%																									
13	Source of the proposed buy back		Out of the Securities Premium Account and the Credit balance of the Profit and Loss Account (Retained Earnings), in that order																								
14	The expected capital structure post buy-back including details of outstanding convertible instruments, if any;	:	Annexure -IV																								
15	Audited financial information for the last three years and unaudited financial information for the nine month ended 31 st December, 2021;	:	Annexure - V																								

16	<p>Details of last buyback</p> <p>a) date of completion of last buy-back</p> <p>b) percentage of share capital bought back to the total paid up share capital and free reserves</p>	<p>14.07.2016</p> <p>5.66%</p>
17	<p>Details of any buy back made by the company in the last 3 years</p>	<p>: No Buy-back made by company in last 3 years</p>
18	<p>Shareholding of the promoters, directors, and key managerial personnel of the company and also of such company which is promoter of the company</p>	<p>: Annexure - VI</p>
19	<p>The shareholding pattern before buy-back of shares or other specified securities:</p>	<p>: Annexure - VII</p>
20	<p>Mode of Buyback</p>	<p>: The Buy-Back offer is open to all the equity shareholders of the Company on proportionate basis. Preference shareholders are not eligible to participate in the present Buyback.</p>
21	<p>Article number authorizing the buy back</p>	<p>: The present Buy-Back Offer is made in terms of the provisions of Article no. 41 of the Articles of Association of the Company, the Companies Act, 2013 and Companies (Share capital and Debentures) Rules, 2014, and other applicable provisions, if any.</p>
22	<p>a) Debt to capital and free reserves ratio allowed to company</p> <p>b) Pre buy-back debt to capital and free reserve ratio</p> <p>c) Expected post buy-back debt to capital and free reserve ratio</p> <p>d) Details of Government notification for the ratio higher than 2:1, if any</p>	<p>: 2:1</p> <p>0.1981:1</p> <p>0.2160:1</p> <p>Not Applicable</p>
23	<p>Management discussion and analysis on the likely impact of buy-back on the company's earnings, public holdings, holdings of non-resident Indians/foreign</p>	<p>: The Buy-Back will have no adverse impact on the future earning or prospects of the Company. Holdings of the respective Directors will change in tune with Buy-Back offer made by them and accepted by the Company.</p>

	institutional investors, etc., promoters holding and any change in management structure;		Further, no change in the management structure is envisaged as a result of this Buy-back.
24	The details of statutory approvals obtained	:	The approval of the members through special resolution has been obtained in the extra-ordinary general meeting held on 09 th May, 2022. In terms of the provisions of section 68 of the Companies Act, 2013, and Companies (Share capital and Debentures) Rules, 2014, the Company has, before making Buy-Back, filed with the office of the Registrar of Companies, National Capital Territory of Delhi & Haryana, a draft letter of offer along with a Declaration of Solvency in the prescribed form and other annexures. No statutory approval is required for the present Buy-Back.
25	Declaration	:	Annexure - VIII
26	Certificate by Statutory Auditor	:	Annexure -IX
27	Synopsis of Explanatory Statement	:	Annexure -X
28	Tender Offer Form for Buy-Back Equity Shares	:	Annexure -XI
29	Such other disclosures as may be prescribed by the Central Government from time to time;	:	Not Applicable

This Letter of Offer has been approved by the Board of Directors of the Company in the meeting held on 7th April, 2022 and signed by Directors of the company.

For ECE Industries Limited

Sd/-
Prakash Kumar Mohta
Managing Director
DIN: 00191299

Sd/-
Sakate Khaitan
Director
DIN: 01248200

Date: 09th May 2022

Place: New Delhi

Annexure - I**Details of Directors and Key Managerial Personnel**

S. No	Name of the Director	DIN/PAN	Designation	Date of Appointment
1	Prakash Kumar Mohta	00191299	Managing Director	18/01/2007
2	Sakate Khaitan	01248200	Director	27/05/2008
3	Maulashree Gani	02496033	Director	19/01/2015
4	Mahendra Kumar Jajoo	00006504	Independent Director	24/01/2009
5	Yogesh Dahyalal Korani	00041923	Independent Director	14/02/2018
6	Anant Suresh Jatia	02655500	Director	10/06/2020
7	Basant Kumar Daga	00922769	Independent Director	12/01/2022
8	Rajat Sharma	AALPS2476B	CFO	07/11/2015

Annexure - II**Proposed time lines from opening of offer till extinguishment of the certificates**

Activity	Date
Board Meeting Approving Buy-back	07 th April, 2022
Passing of Resolution in the Extra-ordinary General Meeting	09 th May, 2022
Record Date	06 th May, 2022
Dispatch of Letter of Offer	11 th May, 2022
Date of Opening of Offer	14 th May, 2022
Date of Closing of Offer	28 th May, 2022
Verification of Offers on or before	13 th June,2022
Acceptance/rejection of offer	18 th June,2022
Dispatch of Consideration	25 th June, 2022
Extinguishment of Share Certificates/ corporate action with depository on or before	02 nd July, 2022

Present Capital Structure**Authorized Share Capital**

Class of shares	No. of shares	Total value of shares (in INR)
Equity Share Capital - INR 10/- each	1,43,00,000	14,30,00,000
Redeemable Cumulative Preference Share Capital- INR 10/- each	7,00,000	70,00,000
Total	1,50,00,000	15,00,00,000

Issued Capital

Class of shares	No. of shares	Total value of shares (in INR)
Equity Share Capital - INR 10/- each	67,67,826	6,76,78,260
Redeemable Cumulative Preference Share Capital- INR 10/- each	5,66,049	56,60,490
Total	73,33,875	7,33,38,750

Subscribed and Paid-up Capital

Class of shares	No. of shares	Total value of shares (in INR)
Equity Share Capital - INR 10/- each	67,22,596	6,72,25,960
Redeemable Cumulative Preference Share Capital- INR 10/- each	5,66,049	56,60,490
Total	72,88,645	7,28,86,450

Expected capital structure post buy-back**Authorized Share Capital**

Class of shares	No. of shares	Total value of shares (in INR)
Equity Share Capital - INR 10/- each	1,43,00,000	14,30,00,000
Redeemable Cumulative Preference Share Capital- INR 10/- each	7,00,000	70,00,000
Total	1,50,00,000	15,00,00,000

Issued Capital

Class of shares	No. of shares	Total value of shares (in INR)
Equity Share Capital - INR 10/- each	50,87,177	5,08,71,770
Redeemable Cumulative Preference Share Capital- INR 10/- each	5,66,049	56,60,490
Total	56,53,226	5,65,32,260

Subscribed and Paid-up Capital

Class of shares	No. of shares	Total value of shares (in INR)
Equity Share Capital - INR 10/- each	50,41,947	5,04,19,470
Redeemable Cumulative Preference Share Capital- INR 10/- each	5,66,049	56,60,490
Total	56,07,996	5,60,79,960

Annexure – V

Audited financial information for the last Three yearsStatement of Profit & Loss

(INR in Lakh)

Description	31.12.2021 (Un-audited)	31.03.2021 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
Total Income	31,427.73	43,149.58	32,287.12	27,215.97
Profit Before Interest, Depreciation & Tax	6,341.60	5,518.67	(298.19)	1,040.82
Depreciation	205.99	285.72	184.77	169.38
Interest	484.78	975.61	848.68	528.81
Profit before exceptional item and tax	5,650.84	4,257.34	(1,331.64)	342.63
Exceptional item	-	-	-	(880.95)
Profit before tax	5,650.84	4,257.34	(1,331.64)	(538.32)
Less: Tax Expenses	-	-	-	-
Current Tax	-	721.51	72.02	(1.45)
Current tax for earlier years	-	9.11	-	-
Mat Credit	-	(435.51)	-	-
Deferred Tax	-	613.63	(390.41)	(450.27)
Profit after tax	5,650.84	3,348.58	(1,013.25)	(86.60)
Other Comprehensive Income (OCI)	127.29	542.71	(760.85)	(544)
Total Comprehensive Income	5,778.13	3,891.29	(1,774.11)	(630.60)
Dividend (%)	-	40	10	25

Balance Sheet

(INR in Lakh)

Description	31.12.2021 (Un-audited)	31.03.2021 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
Sources of Fund				
Equity Capital	729.03	729.03	729.03	729.03
Reserves & Surplus	33,194.82	27,708.26	23,889.85	25,883.61
Net Worth	33,923.85	28,437.29	24,618.88	26,612.64
Share Application Pending for allotment	-	-	-	-
Long-Term Borrowings	33.41	18.37	27.75	36.81
Other Financial Liability	30.82	326.9	416.14	26.55
Other Long-Term Liabilities	-	2,756.98	2,756.16	1911.17
Long-Term Provisions	308.31	267.73	262.74	242.40
Short-Term Borrowing	5,791.92	8,116.12	9,485.66	4,879.43
Other Current Liabilities	5,807.26	2,612.61	2,754.14	3,085.12
Other Financial Liability	2,356.85	1,986.16	2,135.6	1,698.94
Trade Payables	8,887.27	10,787.72	9,804.36	7,659.89
Short Term Provision	460.95	434.88	448.41	357.27
Total	57,600.64	55,744.76	52,709.83	46,510.23
Application of Funds				
Property, Plant & Equipment	2,863.69	2,896.90	2,570.74	1,548.27
Capital Work in Progress	382.00	119.90	65.04	

Other Intangible Asset	0.13	1.86	5.95	10.18
Intangible Asset under Development	-		33.68	26.39
Non-Current Financial Asset	24,862.68	26,119.12	26,671.1	26,886.13
Other Non-Current Asset	61.57	250.23	150.06	57.10
Deferred tax Assets	713.68	713.69	891.81	501.40
Inventories	7,469.52	5,275.38	7,405.89	4,915.12
Current Financial Asset	19,719.64	19,507.83	13,063.27	11,143.69
Current Tax Asset	802.78	421.71	1,075.22	859.61
Other Current Assets	724.95	438.14	777.03	562.34
Total	57,600.64	55,744.76	52,709.83	46,510.23

Annexure - VI

Shareholding of the promoters, directors, and key managerial personnel of the Company and also of such Company which is promoter of the Company

Name of the Shareholder	Number of Shares (INR 10/- per equity shares)	Total Value of Shares (INR)	Percentage (%)
Jayantika Investment & Finance Limited	2709997	2,70,99,970	40.312
Prakash Kumar Mohta	1700096	1,70,00,960	25.289
Prakash Kumar Mohta (HUF)	348451	34,84,510	5.185
Jayashree Finvest Private Limited	449124	44,91,240	6.681
Jayantika Jatia	348448	34,84,480	5.183
Maitreyi Kandoi	348447	34,84,470	5.183
Pratibha Khaitan	348450	34,84,500	5.183
Maulashree Gani	348547	34,85,470	5.183
Essel Mining & Industries Ltd	85730	8,57,300	1.275
Jayashree Mohta	11688	1,16,880	0.174
Kumar Mangalam Birla	6750	67,500	0.100
Sakate Khaitan	200	2,000	0.003
Mahendra Kumar Jajoo	100	1,000	0.001
Rajat Sharma	231	2,310	0.003
Total	6706259	6,70,62,590	99.755

Note: No preference shares are held by promoters, directors, and key managerial personnel of the company and also of such company which is promoter of the company.

Annexure - VII

Equity shareholding pattern before buy-back of shares

S. No.	Category of security holders (Equity Shareholders)	Securities held before buy-back (in %)
1	Government (Central and State)	0
2	Government Companies	0
3	Public financial institutions	0
4	Nationalized or other bank(s)	0
5	Mutual Funds	0
6	Venture Capital	0
7	Foreign Holdings (Foreign Institutional Investors, Foreign Companies, Non-resident Indians, Foreign financial institutions or overseas corporate bodies)	0
8	Bodies Corporate (not mentioned above):	
	Promoter	48.270
	Non-Promoter	Nil
9	Directors or relatives of Directors:	
	Promoter	51.480
	Non-Promoter	0.004
10	Other top fifty shareholders (other than mentioned above):	
	Promoter	0.000
	Non-Promoter	0.250
11	Others	0
Total		100.00%
Total number of promoter shareholders		12
Total number of non-promoter shareholders		26

Note: Refer Annexure-VI for shares held by promoters, directors, and key managerial personnel of the company and also of such company which is promoter of the company.

Preference shareholding pattern before buy-back of shares

S. No.	Category of security holders (Preference Shareholders)	Securities held before buy-back (in %)
1	Government (Central and State)	0
2	Government Companies	0
3	Public financial institutions	0.16
4	Nationalized or other bank(s)	0
5	Mutual Funds	0
6	Venture Capital	0
7	Foreign Holdings (Foreign Institutional Investors, Foreign Companies, Non-resident Indians, Foreign financial institutions or overseas corporate bodies)	2.34
8	Bodies Corporate (not mentioned above)	19.64
9	Directors or relatives of Directors	0
10	Other top fifty shareholders (other than mentioned above)	22.52
11	Others	55.34
12	Total	100.00%
	Total number of shareholders	2,837

Declaration

We, the Directors of ECE Industries Limited, having registered office situated at ECE House, 28, A, Kasturba Gandhi Marg, New Delhi-110001, hereby declare that:

- (a) there are no defaults subsisting in repayment of deposits, interest payment thereon, redemption of debentures or payment of interest thereon, or redemption of preference shares or payment of dividend due to any shareholder, or repayment of term loans or interest payable thereon to any financial institutions or banking company and the Company is not prohibited for buy back by operation of law within the meaning of Section 70 of the Companies Act, 2013.
- (b) The Board of Directors have made full enquiry into the affair and prospectus of the Company and that they have formed the opinion:
 - (i) That immediately following the date of general meeting is convened there shall be no grounds on which the company could be found unable to pay its debts.
 - (ii) As regards its prospects for the year immediately following the date of the Letter of Offer that, having regard to their intentions with respects to the management of the Company's business during the year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities and will not be rendered insolvent within a period of one year from the date, and
 - (iii) In forming their opinion for the above purposes, the Directors have taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act, 2013.
- (c) The Company will open a separate Bank account adequately funded for the purpose of the Buy back and will pay the consideration for the Buy back and will pay the consideration for Buy back only by way of cash.

This declaration is being made and issued under the authority of the Board in terms of the resolution passed at the meeting held on 07th April, 2022.

Sd/-
Prakash Kumar Mohta
Managing Director
DIN: 00191299

Sd/-
Sakate Khaitan
Director
DIN: 01248200

Certificate by Statutory Auditor

To,

The Board of Directors
ECE Industries Limited
ECE House, 28A, K.G. Marg
New Delhi-110001

Dear Sir,

Sub: Statutory Auditors' certificate in respect of proposed buyback of shares by the Company in terms of Rule 17(1)(n) of the Companies (Share Capital and Debentures) Rules, 2014

In connection with the proposal of **ECE INDUSTRIES LIMITED** ('the Company') to buy-back its shares in pursuance of the provisions of Section 68(1) and 68(2) of the Companies Act, 2013 ('the Act') and of Rule 17(1)(n) of the Companies (Share Capital and Debentures) Rules, 2014 ('the Rules'), in terms of resolution passed at Board of Directors meeting held on 07th April, 2022 the declarations of the Board of Directors and based on the information and explanation given to us, which to the best of our knowledge and belief were necessary, for this purpose, we report as follows:

1. We have inquired into the Company's state of affairs as of and for the period ended on 31st December, 2021.
2. The amount of permissible capital payment towards buy-back of shares as per *Annexure-A attached* to this report, prepared by the Company and signed by us for identification purposes has been determined in accordance with Section 68(2)(c) of the Act.
 - a. We have traced the amounts of paid-up share capital and free reserves of INR 7,28,86,450 and INR 2,86,77,41,128 respectively from the unaudited financial statements for the period ended 31st December, 2021 (subjected to the limited review of the statutory auditors).
 - b. We have tested the arithmetical accuracy of the computation carried out for the maximum amount permitted for buy back (25% of the total paid-up share capital and free reserves provided that the buyback of equity shares shall not exceed 25% of its total paid up equity capital) as per the "Statement of computation of maximum amount and maximum equity shares permitted for buy back ("Statement")", **enclosed as Annexure-A** to this report.
3. The audited accounts are more than six months old, the calculation with reference to buy back is done on the basis of unaudited accounts which are not older than six months from the date of offer documents, which were subjected to the limited review by the statutory auditors.
4. The Board of Directors have formed the opinion as specified in clause (m) of Rule 17(1) of the Rules on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from 07th April, 2022.
5. Compliance with the provisions of the Act and Rules is the responsibility of the Company's management. Our responsibility is to verify the factual accuracy based on our review procedures.

6. We have conducted our examination in accordance with the Guidance Note on Audit reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. Our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information. We have not performed an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion. Apart from the compliance with the amount of permissible capital payment computed as above, we make no representations regarding compliance with Company law or any other statutory requirements.
7. This report is intended solely for your information and for the purpose of inclusion of the same -
 - a. In the letter of offer for buy-back of its shares by the Company to be filed with Registrar of Companies (Form No. SH-8),
 - b. In the declaration of solvency by the Company to be filed with Registrar of Companies (Form No. SH-9).

and is not to be used, referred or distributed for any other purpose without our prior written consent. We do not accept or assume any liability or duty of care for any other purpose, save where expressly agreed by our prior consent in writing.

For **VSD & Associates**
Chartered Accountants
FRN: 008726N

Sd/-
(Ashish Dhawan)
Partner
M No: 535838

Place: New Delhi
Date: 7th April 2022
UDIN: 22535838AGZPWQ4502

ECE Industries Limited
Statement of computation of maximum amount and maximum equity shares permitted
for buy back ("Statement")

Balances as at 31st December, 2021 (unaudited)	
Paid-up equity share capital	
Equity share capital (72,88,645 equity shares of Rs. 10 each) (A)	₹ 7,28,86,450
Reserve and surplus (B)	₹ 2,65,27,22,390
Securities Premium (C)	₹ 21,50,18,738
Total paid up equity share capital and free reserves (D) = (A+B+C)	₹ 2,94,06,27,578
Maximum amount permitted for buy back (25% of the total paid-up equity share capital and free reserves) (E) = 25% x (D)	₹ 73,51,56,894
Maximum equity shares permitted for buy back (25% of the total paid-up equity share capital) i.e. 67,22,596 x 25%	16,80,649 shares

Notes:

1. The amount of the permissible capital payment for the securities towards Buyback of Equity shares is calculated considering the unaudited financial statement as on 31st December, 2021.
2. The aggregating of shareholding of the Promoters and of the directors of the promoters, where the promoter is a company and of the directors and key managerial personnel as on 07th April, 2022 are as below:

S. No.	Name of shareholder	Number of Shares (INR. 10/- per equity shares)	Total Value of Shares (INR)	Percentage (%)
1	Jayantika Investment & Finance Limited	27,09,997	2,70,99,970	40.312
2	Prakash Kumar Mohta	17,00,096	1,70,00,960	25.289
3	Jayashree Finvest Private Limited	4,49,124	44,91,240	6.681
4	Jayantika Jatia	3,48,448	34,84,480	5.183
5	Maitreyi Kandoi	3,48,447	34,84,470	5.183
6	Pratibha Khaitan	3,48,450	34,84,500	5.183
7	Maulashree Gani	3,48,547	34,85,470	5.183
8	Essel Mining & Industries Ltd	85,730	8,57,300	1.275
9	Jayashree Mohta	11,688	1,16,880	0.174
10	Kumar Mangalam Birla	6,750	67,500	0.100
11	Sakate Khaitan	200	2,000	0.003
12	Prakash Kumar Mohta (HUF)	3,48,451	34,84,510	5.185
Total		67,05,928	6,70,59,280	99.751

Synopsis of Explanatory Statement

Relevant extracts of the Explanatory Statement annexed to the notice of the extra ordinary general meeting of the members of the Company held 09th May, 2022 for the purpose of the approval of the present Buy-Back is given below:

“It is proposed to buy-back up to 16,80,649 fully paid-up Equity Shares of Rs. 10.00 each of the Company (being 25% of the present paid up Equity Share Capital of the Company) at a buy back price of INR 145.00 per equity shares share aggregating INR 24,36,94,105, out of the Securities Premium Account and Profit and Loss Account Credit Balance of the Company, in that order.

As required under Rule No. 17 of Companies (Share capital and Debentures) Rules, 2014, the following details are furnished to the members enable them to take necessary decision for approval of resolution:

1. Date of Board Meeting at which the proposal for buy back was approved by board of directors of the Company

The Board of Directors of the Company, at their Meeting held on 07th April, 2022 considered and approved the proposal to buy-back fully paid-up Equity Shares of the Company.

2. Objective of buy-back

- i) The Company desires to buy back its securities for efficient utilization of the capital which is in excess of the current business requirements of the Company.
- ii) The equity shares of the Company are not listed on any Stock Exchange. As such liquidity is not presently available to the shareholders due to lack of trading facilities in shares. The Company intends to provide liquidity to the existing shareholders through this buy back to help them in disposing off their holding at a reasonable price without effecting the interest of the shareholders who wish to continue to hold their equity shares.

3. Class of Security intended to be purchased under the buy-back

The buy-back offer is open to all the equity shareholders of the Company on proportionate basis. Preference shareholders shall not be eligible to participate in the present buy-back.

4. The number of securities that the company proposes to buy-back

The Company proposes to buy-back 16,80,649 fully paid-up Equity Shares representing 25% of the total paid up equity shares of the Company.

5. The method to be adopted for the buy-back

The buy-back process shall be initiated through inviting response to letter of offer from the existing equity shareholders on a proportionate basis.

6. The price at which the buy-back of shares or other securities shall be made

The price at which buy-back will be made at INR 145 per equity share.

7. Basis of arriving at buy-back price

The management, keeping in mind, the future business uncertainty brought by pandemic time and its incidental impact on the existing business such as steep increase in raw material pricing, highly competitive sale price etc., has decided to fix the buy-back offer price at INR 145 per share.

Further, Income Tax shall also be levied on the Company on the amount so distributed under buy-back to its shareholders. Consequently, the amount so distributed shall be exempt income in the hands of such shareholders under the Income Tax Act, resulting in more income in shareholder's hands and increased cost to the Company.

8. The maximum amount to be paid for the buy-back and the sources of funds from which the buy-back would be financed

The total capital payment for buying back of upto 16,80,649 fully paid Equity Shares shall be INR 24,36,94,105/- (Rupees Twenty Four Crore Thirty Six Lakh Ninety Four Thousand One Hundred Five only), which will be met partly by cash and bank balances and partly by realizing current assets of the Company, to the extent required. There is no direct cost of financing the Buy-Back.

9. Time-limit for the completion of buy-back

Subject to receipt of regulatory consent & approvals, if any, the buy-back is required to be completed within one year under the Companies Act, 2013 from the date of passing the Special Resolution.

10. The aggregate shareholding of the (i) Promoters of the Company, (ii) Directors of Promoter where promoter is a Company, (iii) Directors and KMP of the Company as on the date of notice convening this meeting:

The particulars of equity shares held by (i) Promoters of the Company, (ii) Directors of Promoter where promoter is a Company, (iii) Directors and KMP of the Company as on the date of notice convening this meeting is provided below for your reference:

Details of Shareholders	No. of Shares	%
i) Promoters of the Company		
Jayantika Investment & Finance Limited	27,09,997	40.31
Prakash Kumar Mohta	17,00,096	25.29
Prakash Kumar Mohta (HUF)	3,48,451	5.18
Jayashree Finvest Private Limited	4,49,124	6.68
Jayantika Jatia	3,48,448	5.18
Maitreyi Kandoi	3,48,447	5.18
Pratibha Khaitan	3,48,450	5.18
Maulashree Gani	3,48,547	5.18
Essel Mining & Industries Ltd	85,730	1.28
Jayashree Mohta	11,688	0.17
Kumar Mangalam Birla	6,750	0.10
Sakate Khaitan	200	0.003
ii) Director of Promoter Companies		
Prakash Kumar Mohta	17,00,096	25.29
Maulashree Gani	3,48,547	5.18
Sakate Khaitan	200	0.003

iii) Director and KMP of the company		
Mahendra Kumar Jajoo	100	0.001
Rajat Sharma	231	0.003

No preference shares are held by any person belonging to the (i) Promoters of the Company, (ii) Directors of Promoter where promoter is a Company, (iii) Directors and KMP of the Company as on the date of notice convening this meeting.

10.1 The aggregate number of equity shares purchased or sold by persons mentioned in clause 10 during a period of twelve months preceding the date of the board meeting at which the buy-back was approved and from that date till the date of notice convening the general meeting:

Neither of promoter group or director of the Company has purchased or sold by persons mentioned in clause 10 during a period of twelve months preceding the date of the board meeting.

10.2 The maximum and minimum price at which purchases and sales referred to in 10.1 above were made along with the Book Value on the relevant dates:

Not applicable

11. The intention of the promoters and persons in control of the Company to tender shares for buy-back indicating the number of shares, details of acquisition with dates and price:

The buy-back offer by the Company is open for all or any of the promoter/ director of any other shareholder of the Company who may offer their shareholding for buy-back (either in full or in part) in the proposed buy-back.

12. The Board of Directors of the Company hereby confirm that there are no defaults subsisting in repayment of deposits, interest payment thereon, redemption of debentures or payment of interest thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of term loans or interest payable thereon to any financial institution or bank where applicable.

13. The Board of Directors hereby confirms that it has made a full enquiry into the affairs and prospects of the Company and has formed an opinion:

- (a) that immediately following the date on which the general meeting is convened, there shall be no grounds on which the Company could be found unable to pay its debts;
- (b) that as regards the Company's prospects for the year immediately following that date, and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the Board's view, be available to the Company will be able to meet its liabilities as and when they fall due and the Company will not be rendered insolvent within a period of one year from that date; and
- (c) The Board confirms further that in forming the opinion as aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities), as if the Company is being wound up under the provisions of the Companies Act, 2013.

14. The text of the Report on Financial Statements as on 31st December, 2021 dated 07th April, 2022 received from VSD & Associates, Chartered Accountants, the statutory auditors of the Company, addressed to the Board of Directors has been annexed as *Annexure IX*.

TENDER OFFER FORM
FOR BUY-BACK OF EQUITY SHARES

This Document is important and requires your immediate attention

To,
The Board of Directors
ECE Industries Limited
ECE House, 28A Kasturba Gandhi Marg, New Delhi -110001

Dear Sirs,

Ref: Letter of Offer dated 9th May, 2022 to buy back equity shares of ECE Industries Limited

1. I/We having read and understood the Letter of Offer dated 9th May, 2022 hereby tender/ offer my/our shares in response to the buyback offer on the terms and conditions set out below and in the Letter of Offer.
2. I/We, authorize the company to buy back the shares offered and as a consequence to extinguish the share.
3. I/We hereby warrant that the shares comprised in this tender / offer are offered for Buy back by me / us free from all liens, equitable interest, charges and encumbrance.
4. I/We declare that there are no restraints / injunctions or other order of any nature which limits / restricts in any manner my /our right to tender shares for buy back and that I /we am/are legally entitled to tender the shares for buy back.
5. I/We agree that the company will pay the offer price only after due verification of the validity of the documents and signatures and that the consideration be paid to the first named shareholder.
6. I/We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my/our tender /offer and agree to abide by any decision that may be taken by the company to affect the buy back in accordance with the Act and the Regulations.
7. **Details of shares held and offered for Buy back:**

Particulars	In Figures	In Words
Number of Shares held:		
Number of shares offered for Buy back:		

8. Details of Account with Depository Participant (DP):

Name of the Depository (tick whichever is applicable)	NSDL	CDSL
Name of the Depository Participant		
DP ID		
Client ID with the DP		

9. Equity Shareholders Details:

Particulars	First/Sole Equity Shareholder	Joint Equity Shareholder 1	Joint Equity Shareholder 2
Full Name(s) of The Equity Shareholder			
PAN			
Address of the Sole/First Equity Shareholder			
Telephone No. / Email ID			
Signature(s)*			

*Corporate shareholder must affix rubber stamp and sign under valid authority. The relevant corporate authorisation should be enclosed with the Tender offer form submitted.

10. Kindly follow the instructions attached to this tender offer form, which is part of the buyback offer.

INSTRUCTIONS

1. This Tender / Offer Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender / Offer Form.
2. Shareholders who wish to tender / offer their shares in response to this Buyback Offer should deliver the following documents so as to reach before the close of business hours of the Company i.e., 05:00 P.M. on or before Monday, 30th May, 2022.
 - The relevant Tender / Offer Form duly signed (by all shareholders in case shares are in joint names) in the same order in which they hold the shares.
 - Duly acknowledged DP Slip submitted with your DP in separate demat account opened by the Company for buy-back purpose and the details of same given below.
3. Shareholders should also provide all relevant documents in addition to the above documents. Such may include (but not limited to):
 - Duly attested Power of Attorney if any person other than the shareholder has signed the relevant Tender / Offer Form.
 - Duly attested death certificate in case of death of any of the Shareholders / succession certificate/ probate of will/letter of administration in case of death of sole shareholder.
 - Necessary corporate authorizations, such as Board Resolutions, etc. in case of companies.

4. GENERAL INSTRUCTIONS

The Company proposes to affect the Buy-Back through Tender Offer route, on a proportionate basis.

The Shareholders will have to transfer the Equity Shares from the same demat account in which they were holding the Equity Shares as on the Record Date and in case of multiple demat accounts, Eligible Shareholders are required to tender the applications separately from each demat account.

The Equity Shareholders' participation in the Buy-Back will be voluntary. Shareholders can choose to participate, in part or in full, and get cash in lieu of the Equity Shares accepted under the Buy-Back or they may choose not to participate. In case shares offered for Buy-Back exceeds the present Buy-back, the acceptance will be on a proportionate basis.

Shares can be tendered in the present buyback in demat form only.

Shareholders who are interested in Buyback and wants to tender their Equity Shares, shall transfer their shares in the separate demat escrow account opened by the Company for the purpose of the Buyback. The details of the account opened with DP, in which the Equity Shares tendered are to be transferred, is given below:

DP ID	12087100
DP Name	MY MONEY SECURITIES LIMITED
Beneficiary Client ID	00002702
Client Account Name	M/S ECE INDUSTRIES LIMITED - BUYBACK ACCOUNT
ECE Equity share ISIN (New)	INE588B01022

Additionally, the shareholders who tender their shares in aforesaid demat escrow account are also required to send by hand deliver, registered post or through courier, the physical copy of Tender Form along with the duly acknowledged DP Slip to the Registrar and Transfer Agent (RTA) of the Company at the below mentioned address, before the prescribed Closing Date.

Name	MAS Service Limited
Office Address	T-34, 2nd Floor Okhla Industrial Area Phase - II New Delhi -110020
Phone No.	91 11 2638 7281 /82 /83
Email ID	info@masserv.com

In case the shareholders transferred their shares in demat escrow account of the company, details of which are provided above, but failed to send the Tender Form along with DP Slip to the RTA within the prescribed timeline of buy back, the company is authorized to Buyback such shares irrespective of the fact that the physical delivery of Tender Form with copy of acknowledged DP Slip is not received from the concerned shareholders.

The Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to proportionate Buyback decided by the Company.