

NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE is hereby given that the Extra Ordinary General Meeting of the Members of **ECE Industries Limited** will be held on **Monday, 09th May, 2022** at **11:00 A.M** IST through Video Conferencing (“VC”)/ Other Audio- Visual Means (“OAVM”), to transact the following business: -

SPECIAL BUSINESS:

1. TO CONSIDER OFFER FOR BUY-BACK OF EQUITY SHARES FROM THE SHAREHOLDERS OF THE COMPANY

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

“RESOLVED THAT pursuant to Section 68, 69, 70 and all other applicable provisions, if any of the Companies Act, 2013 read with Rule 17 of Companies (Share Capital & Debentures) Rules, 2014 and Companies (Management and Administration) Rules, 2014 and any other relevant rules made thereunder, as amended from time to time and in accordance with the Article No. 41 of the Articles of Association of the Company and any statutory modification(s) or re-enactment thereof, for the time being in force and such other approvals as may be necessary, the consent of the Shareholders of the Company be and is hereby accorded, to buy-back of not exceeding **16,80,649 (Sixteen Lakh Eighty Thousand Six Hundred Forty Nine)** fully paid-up equity shares of face value **INR 10/- each** (representing **25%** of total number of the total outstanding equity shares of the Company) at a price of **INR 145/- (Rupees One Hundred and Forty Five only)** per equity share (**“the Buy-back offer price”**) aggregating to **INR 24,36,94,105/- (Rupees Twenty Four Crore Thirty Six Lakh Ninety Four Thousand One Hundred Five only)**, excluding transaction costs viz. brokerage, advisors' fees, printing and dispatch expenses, applicable taxes such as securities transaction tax, goods and service tax, stamp duty and other related and incidental expenses (**“the Buy-back Offer Size”**) being **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 buy-back is within the statutory limit of 25% (Twenty Five Percent) of the aggregate fully paid-up equity capital, free reserves and the Securities Premium account of the Company, on a proportionate basis through the "Tender Offer" route as per the provisions of Companies Act, 2013 from the equity shareholders of the Company, whose names appear in the Register of Member or appear as beneficial owner of the equity shares of the Company in the records of the Depositories, as on the record date fixed by the Board of Directors, out of the Securities Premium Account and the Credit balance of the Profit and Loss Account (Retained Earnings), in that order.

RESOLVED FURTHER THAT the Company shall buy-back Equity Shares from the members on a proportionate basis under the Tender Offer route and in the event the number of Equity Shares offered by the shareholders, are more than the maximum number of equity shares to be bought back by the Company, the acceptance per equity shareholder shall be made on proportionate basis out of the total shares offered for buy-back.

RESOLVED FURTHER THAT the Board be and is hereby authorized to give effect to the aforesaid resolution, including but not limited to finalizing the terms of the Buy-back like record date,

entitlement ratio, determination of Buy-back size on a consolidated basis, time frame for completion of Buy-back, preparing, finalizing, signing and filing of the draft Letter of Offer / Letter of Offer to the appropriate authorities; opening, operations and closure of necessary accounts including escrow account, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable laws, approving the extinguishment and physically distributing Share Certificates in respect of the Equity Shares bought back by the company and filing such other undertakings, agreements, papers, documents, forms of and by the company, as may be required to be filed in connection with the Buy-back with Registrar of Companies, Depositories and/or other regulatory and statutory authorities as may be required from time to time.

RESOLVED FURTHER THAT the Board be and is hereby empowered and authorized to accept and make any alteration(s) or modification(s) to the terms and conditions as it may deem necessary in accordance with the statutory requirements as well as to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, to be in the best interest of the shareholders, including but not limited to appointment of registrars, solicitor(s), banker(s), advisor(s), consultant(s) and other intermediaries/agencies for the implementation of the Buy-back, carry out incidental documentation, as also to make applications to the appropriate authorities for their requisite approvals, as also to initiate all necessary actions for preparation and issue of various documents, including public announcement, declaration of solvency, extinguishment of share certificates, filing of documents/ return with the relevant statutory authorities including but not limited to the Registrar of Companies, maintenance of statutory registers and records and 'Certificates of Extinguishment' required to be filed in connection with the Buy-back, opening of escrow bank account(s), demat account(s) and such other undertakings, agreements, papers, documents and correspondence as may be necessary."

By Order of the Board of Directors

(Prakash Kumar Mohta)
Managing Director
DIN: 00191299

Place: New Delhi
Date: 7th April, 2022

Registered Office:
ECE House,
28-A, Kasturba Gandhi Marg,
New Delhi- 110001
CIN: U31500DL1945PLC008279
Email: ecehodelhi@gmail.com
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Tel. No.: (+91-11) 233142 37-39
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NOTES:

1. The statement pursuant to Section 102(1) of the Act stating all material facts and the reasons thereof for the proposal is annexed herewith.
2. The Notice calling the EGM has been uploaded on the website of the Company at <http://www.eceindustriesltd.com/>. The Notice can also be accessed from the websites of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
3. Since, the rights of the Preference Shareholders of the Company are not affecting from the proposed resolution of Buy-Back. Therefore, they are only allowed to attend the meeting and not to vote on the same.
4. In view of the outbreak of the Covid-19 pandemic, and in compliance with the provisions of the General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 39/2020 dated 31st December, 2020 and 20/2021 dated 08th December, 2021, issued by the Ministry of Corporate Affairs (referred to as the "MCA Circulars") has permitted holding of the extra-ordinary general meeting ('e-EGM'/ 'EGM') through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act') and MCA Circulars, the EGM of the Company is being conducted through VC/OAVM hereinafter called as 'e-EGM'. The deemed venue for the e-EGM shall be the Registered Office of the Company.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM through VC/OAVM through the NSDL e-Voting system. Members may access **to NSDL e-Voting system** after successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

By Order of the Board of Directors

Place: New Delhi
Date: 7th April, 2022

(Prakash Kumar Mohta)
Managing Director
DIN: 00191299

Annexure to the Notice

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Item No. 1: Approval for Buy-back of Equity Shares

It is proposed to buy-back up to 16,80,649 fully paid-up Equity Shares of INR 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 are not 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 exempted 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		
Jyantika 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
Jyantika Jatia	3,48,448	5.18
Maitreyi Kandoi	3,48,447	5.18

Pratibha Khaitan	3,48,450	5.18
Moulishree 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	0.1
Sakate Khaitan	200	0.003
ii) Director of Promoter Companies		
Prakash Kumar Mohta	17,00,096	25.29
Moulishree 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 the 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*.

The Board of Directors recommends the approval of the Resolution in Item No. 1 as a Special Resolution.

None of the Directors, Managers and Key Management Personnel of your Company and their relatives, are concerned or interested in the above said resolution except to the extent of their shareholding & directorship in the company.

The documents related to aforesaid resolution shall be open for inspection at the registered office of the Company during normal business hours (9:00 A.M. to 5:00 P.M.) on all working days up to and including the date of Extra-Ordinary General Meeting of the Company.

By Order of the Board of Directors

Place: New Delhi
Date: 7th April, 2022

(Prakash Kumar Mohta)
Managing Director
DIN: 00191299

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

(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 (Rs. 10/- per equity shares)	Total Value of Shares (Rs.)	Percentage (%)
1	Jayantika Investment & Finance Limited	27,09,997	2,70,99,970	40.310
2	Prakash Kumar Mohta	17,00,096	1,70,00,960	25.290
3	Jayashree Finvest Private Limited	4,49,124	44,91,240	6.680
4	Jayantika Jatia	3,48,448	34,84,480	5.180
5	Maitreyi Kandoi	3,48,447	34,84,470	5.180
6	Pratibha Khaitan	3,48,450	34,84,500	5.180
7	Moulishree Gani	3,48,547	34,85,470	5.180
8	Essel Mining & Industries Ltd	85,730	8,57,300	1.280
9	Jayashree Mohta	11,688	1,16,880	0.170
10	Kumar Mangalam Birla	6,750	67,500	0.100
11	Sakate Khaitan	200	2,000	0.003
12	Prakash Kumar Mohta (HUF)	348451	3484510	5.180
Total		67,05,928	6,70,59,280	92.010