

FRONTLINE SECURITIES LIMITED

Regd. Office: M-6, IInd Floor, M Block Market, Greater Kailash -II, New Delhi- 110048
Corporate Office: B-22, Sector-4, Noida, Uttar Pradesh- 201301
Website: www.fslindia.com; E-mail: secretarial@fsltechnologies.com
Corporate Identity Number: U65100DL1994PLC058837
Tel: +91-120-2534066, 7827602847

LETTER OF OFFER

FRONTLINE SECURITIES LIMITED

(Hereinafter referred to as "the Company")

Letter of Offer for Buy-Back up to **14,64,656** fully paid up Equity Shares of Rs. 5/- each of the Company

1. BRIEF INFORMATION ABOUT THE COMPANY

The Company was incorporated on 05th May, 1994 under the Companies Act, 1956 with the Registrar of the Companies, Delhi and Haryana.

The Company is a Non-Deposit taking Non- Banking Finance Company registered with Reserve bank of India, doing Investment Business.

2. AUTHORITY FOR OFFER OF BUY- BACK

The Members in 30th Annual General Meeting of Financial Year 2023-24 of the Company held on 03rd day of September, 2024 accorded approval to Buy-Back up to **14,64,656** fully paid up equity shares of Rs. 5/- each from existing shareholders on proportionate basis through private offers at the rate of Rs. 101.19/- per share.

3. OBJECTIVE OF BUY- BACK

Based on present plans for the business, the company does not presently envisage any major capital investment in the next 2-3 years and therefore expects to continue to generate cash in excess of its requirements. The company intends to utilize a part of these surplus funds for the purpose of Buy- Back of its fully paid up equity shares. The Buy- Back is expected to improve financial ratio of the Company and in turn improve overall value for the shareholders.



4. MODE OF BUY- BACK

The Buy Back is being offered to existing shareholders of the Company through private placement on proportionate basis.

In the event the number of shares offered by Shareholder(s) are equal to or less than total number of shares to be bought back by the Company, the Board of Directors will buy entire number of shares so offered by the shareholder(s), however in the event the number of shares offered by shareholder(s) in addition to their acceptance are more than total number of shares to be bought back by the company, the Board of Director will buy back entire quantity to extent of acceptance by shareholder(s) against number of shares offered by the company and any additional number of shares offered by the shareholder(s) will be bought back by the company on proportionate basis but in any circumstances the number of shares to be bought back will not exceed **14,64,656/-**.

5. DETAILS OF OFFER

The Company proposes to Buy- Back upto **14,64,656** fully paid equity shares of Rs. 5/- each at a price Rs. 101.19/- per share, which is within 25% of total paid up capital and free Reserves of the Company as on 31st March, 2024.

The Minimum number of shares that the Company proposes to Buy Back is 100 equity shares at the rate of Rs. 101.19/- per shares and the Maximum number of shares that the Company proposes to buy-back is 14,64,656 equity shares at the rate of Rs. 101.19/- per share.

The Company proposes to the effect Buy- Back out of Free Reserves available with the Company. The funds for buy-back would be available from the internal accruals of the Company. The Company does not intend to raise any debt for the explicit purpose of this buy-back.

In case Company buy-back **14,64,656** equity shares which are maximum possible under resolution passed by the Board in their Meeting at the maximum price Rs. 101.19/- per share, the total cost of financing the Buy-Back will be **Rs. 14,82,08,636/-**.



6. PROPOSED TIME TABLE (TENTATIVE) FOR COMPLETION OF BUY BACK

As per provisions of the Act, the resolution passed by the members is valid for the maximum period of twelve months from the date of passing of resolution. The Company proposes to complete the Buy- back procedure as per the tentative schedules given hereunder:

S.No	Particulars	Date
1.	Filing of Letter of offer and Solvency Certificate with Registrar of Companies	04.09.2024
2.	Dispatch of Letter of offer to Shareholders	04.09.2024
3.	Offer to Open on	06.09.2024
4.	Offer to Close on	20.09.2024
5.	Open a Separate Bank Account	23.09.2024
6.	Verification of shares received	23.09.2024
7.	Transfer Fund to Separate account	26.09.2024
8.	Acceptances of Offer and Payment to Shareholders	26.09.2024
9.	Extinguishment of Share Certificate and execution of Corporate Action	30.09.2024

{All efforts shall be made to achieve the above timelines, however due to various government departments i.e., Registrar of Companies and NSDL involved, there are possibilities that the dates may extend.}

7. CONFIRMATION AS TO NO DEFAULT IN REPAYMENT OF DEPOSITS ETC.

The Board of Directors of the Company confirms that Company has not taken any deposit, nor issued any debentures/ preference shares. Further, Company has not taken any term loan from any financial institution or banks.



As per provisions of Section 68 of Companies Act, 2013 the company will not issue fresh equity shares within a period of Six months after the Completion of Buy Back except by the way of Bonus shares or shares issued in discharge of subsisting obligations such as conversion of Warrants, Stock option schemes, sweat equity or conversion or preference shares or debentures into equity shares.

The Board of Directors of the Company confirms that company has duly complied with provisions of Section 92, 123, 127 and 129 of Companies Act, 2013.

8. CONFIRMATION BY THE BOARD OF DIRECTORS

The Board has made full enquiry into the affairs and prospects of the company and have formed the opinion that:

- a) Immediately following the date of the Board Meeting, there will be no ground on which the company could be found unable to pay its debts ;
- b) As regards in prospects for the year immediately following the date of the letter of offer that, having regards to their 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 their view be available to the company during that year, the company will able to meet its liabilities as and when they fall due and will not rendered insolvent within a period of one year from that date.
- c) In forming their opinion for the above purposes, the directors have taken into account the liabilities as if the company were being wound up under the provisions of Companies Act, 2013 (including prospective and contingent liabilities).

9. FINANCIAL INFORMATION FOR THE LAST THREE YEARS

(Amount in Lakhs)

Particulars	2023-24 (Audited)	2022-23 (Audited)	2021-22 (Audited)
Gross Income	978.10	830.76	811.97
Profit before taxation	839.83	727.57	676.58
Tax expenses:			
- Current tax	276.30	220.96	214.25
- Deferred Tax	14.18	33.84	33.85



- Short provision for earlier years	0.73	0.72	-
Provision reversed	(1.25)	-	-
Profit after tax	549.87	472.05	428.48
Profit Brought Forward From last year	4430.37	3762.50	2861.11
Transfer to Statutory Funds	(237.25)	(166.96)	(228.02)
Contingency provisions against standard assets	-	-	-
Excess provisions of previous year written back/off	-	-	-
Transferred to CRR on account of Redemption of Preference Shares/ Buy back of Equity Shares	-	-	-
Profit Available for Appropriation	4742.99	4067.59	3061.57
No. of Equity Share Capital	99,70,541	99,70,541	99,70,541
Earnings per Share	5.51	4.73	4.30

10. CAPITAL STRUCTURE OF THE COMPANY

S.No	Particular	Amount in Rupees
A)	Authorized Capital as on 31.03.2024	10,00,00,000
B)	Present Issued, Subscribed and Paid up Capital as on 31.03.2024	4,98,52,705
C)	Post Buy Back paid Up Capital *	4,25,29,420
D)	Free Reserve Before this offer as on 31.03.2024	54,29,81,837
E)	Free Reserve after this offer*	39,47,73,202



**Post buy-back offer paid up capital and reserve are shown considering acceptance of offer by the shareholder to the full extent, but it is not necessary that the company will receive acceptance for full offered shares.*

SHAREHOLDING PATTERN IS AS FOLLOW:

Particulars	No. of shares as on date of offer	% to paid-up share capital
Directors & relatives	67,55,733	67.76%
Others	32,14,808	32.24%
Total	99,70,541	100

The Aggregate shareholding of the promoters along with the persons who are in control of the company as on date of the Member's meeting is 92.24%.

During the last twelve months sale or purchase of shares of the company by the directors or their relatives or by the Company in which such director is director or member are as follows:

S.No	Name	No. of shares purchased	No. of shares sold	Price	Relevant date
NIL	NIL	NIL	NIL	NIL	NIL

Intention of the Promoters and Promoter Group and Persons in Control of the Company to tender Equity Shares for BuyBack indicating the number of shares, details of acquisition with dates and price

The Promoters and Promoter Group (the "Promoter Group") have expressed their intention to participate in the BuyBack:



S. No.	Name	No. of shares held	No. of shares Intended to buy back
1.	Rakesh Kumar Jain	50,21,475	Upto maximum shares whatever left after considering public shareholding
2.	Prerna Jain	16,85,213	
3.	Vidha Jain	49,020	
4.	Hope Consultants Limited	15,20,641	
5.	Vidha Aridhi Family Trust	9,20,005	

11. DECLARATION BY AUDITOR

The text of the report dated 01.08.2024 received from **M/S WALECHA INDER & ASSOCIATES**, Chartered Accountant; the Statutory Auditor of the Company addressed to the Board of Directors of the Company is reproduced below:

In connection with the proposal of the company "**FRONTLINE SECURITIES LIMITED**" to buy back its equity shares and in pursuance of Section 68 and 69 of Companies Act, 2013 and other applicable provisions and subject to any statutory modification(s) or re-enactment of the Act or Buy back Rules for the time being in force, we have examined the Audited Financial Statements of the Company as on 31st March, 2024, relevant records, ratios, analysis, reports, information and explanations given to us by the management of the Company.

The accounts have been prepared as per Indian Accounting Standard (Ind AS).

On the basis of such verification of records as we considered appropriate, we report that:

- We have enquired into the state of affairs of the Company.
- We are informed that the Company proposes to buy back 25% of paid up capital and free reserves.



In our opinion, the amount of maximum permissible capital payment, being 25% of the total paid up capital and free reserves of the Company for the shares to be bought back is properly determined in accordance with section 68 of the Companies Act, 2013 as ascertained below:

PARTICULARS	AMOUNT (IN Rs.)
Paid up Capital	4,98,52,705/-
Sub-total(A)	4,98,52,705/-
FREE RESERVES:	
General Reserve	50,47,852/-
Profit & Loss Account	53,79,33,985/-
Securities Premium Account	-
Sub-total (B)	54,29,81,837/-
Total capital & Free Reserves (A+B)=C	59,28,34,542/-
Maximum permissible amount of capital payment of buy back (25% of C above)	14,82,08,636/-

The Board of Directors in their meeting held on 01st August, 2024 have viewed on the reasonable grounds that the Company will not, having regards to its state of affairs, be rendered insolvent within a period of 1 year from the date of Board Meeting.

The above declaration has been issued on request made by the company for submission to the Ministry of Corporate affairs (MCA) and to RBI for buy back its shares "only purpose" and not to be used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.



12. DEBT -EQUITY RATIO

The Company has no debt before the Buy-back and further it do not intend to take any debt post buy back.

13. ANALYSIS OF BUY BACK

On an analysis by the management, on the likely impact of Buy-Back on the Company's earning, holdings etc., it is of the view that the Buy Back is likely to enhance the return on equity.

14. BANK ACCOUNT

The Company shall immediately after the date of Closure of offer, deposit in a special account, such sum, as would make up the entire sum payable as consideration for the buy-back.

15. DETAILS OF DEMAT ESCROW ACCOUNT

The Shareholders, who hold the shares in the Demat form and intend to participate in the buyback, can transfer the shares in the Demat account opened by the company as detailed below:

Holder Name: Frontline Securities Limited -Buy back Escrow Account

Name of DP: Frontline Capital Services Private Limited

DPID: IN300564

Client Id: 10021619

16. PROCEDURE AND ACCEPTANCE OF OFFER

The offer of Buy-Back shall be sent to existing shareholders of the company on proportionate basis of their shareholding. The shareholders who wish to avail themselves of this offer will have to send the following documents with either by hand delivery or by registered post at the corporate office situated at B-22, block-b, Sector-4, Noida-201301, of the company before the closing of offer.



A) Form of Acceptance duly filled and signed together with documents mentioned therein.

The offer will remain open from 06th September 2024 to 20th September 2024. The Shareholders can accept offer up to the entire numbers of shares as his/her/their shareholding. Shareholders can further make offer for additional number of shares on the above of his/her/their entire shareholding of equity shares in the company. The Company will accept buy- back on the following basis:

- (i) If the total number of shares offered by the shareholder (s) including additional Number of shares offered is equal to or less than 14,64,656 shares, the entire quantity shall be accepted by the Company.
- (ii) If the total number of shares offered by the shareholder(s) including additional shares offered is more than 14,64,656 shares, the company will accept buy- back on firm basis up to number of shares being offered to the shareholder(s) and remaining shares shall be accepted on proportionate basis within the overall limit of 14,64,656 equity shares.

17. RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of directors of the Company confirms that according to the best of their Knowledge and belief, all material information relating to buy-back has been provided in the letter of offer. It does not contain any misleading information according to best of their Knowledge. The directors further confirm that they accept the responsibility for the information contained in this letter of offer.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

FRONTLINE SECURITIES LIMITED
For Frontline Securities Ltd.


Director

RAKESH KUMAR JAIN
(DIRECTOR)
DIN: 00050524

For Frontline Securities Ltd.


Director

SHIKHA GUPTA
(DIRECTOR)
DIN: 06443877

DATE: 03.09.2024
PLACE: DELHI

ACCEPTANCE FORM

Date:

**To,
The Board of Directors,
FRONTLINE SECURITIES LIMITED**

Dear Sir,

I,, R/o,, holdingequity shares of INR 5/- each in the Company, hereby submit my application for buyback of our equity shares.

I have read and understood the terms and conditions of the buyback scheme as contained in the letter of offer dated 03.09.2024, and the application form and I agree to abide by the same. I confirm that this acceptance will not be reversed / revoked by me.

The particulars of my equity shares, which I wish to offer for buyback are furnished below:

Number of equity shares held/ entitlement	Number of equity shares offered for buyback out of the shareholding/ entitlement	Additional equity shares voluntarily offered for buyback under the scheme	Total equity shares offered under the buyback scheme
A	B	C	D = B+C

I enclose the share certificate(s) as listed below (if space is insufficient, please attach separate sheet):

S. No.	Share Certificate number(s) /DPID along Client ID	Distinctive		Number of shares
		From	To	
1.				
2.				
3.				
4.				

You are requested to accept my application and arrange to send the sale proceeds by [electronic fund transfer] in my favour into the bank account having the details as set out below:

Account name:

Bank:

Account number:

Swift code:

IFSC:

Yours faithfully,

S. No.	Name of the Shareholder	Signature(s)*
1.		

*as per specimen signature(s) registered with the Company

Instruction Sheet

1. All queries pertaining to this buyback offer may be directed to the corporate address of the Company.
2. In case of joint holdings, all the holders (including joint holders) must sign this Acceptance Form.
3. The enclosed acceptance form should be duly signed by all the holders (including the joint holders) in the same order in which there are in the share certificate and the signature shall be duly witnessed. Relevant share certificates must be annexed.
4. In case of bodies corporate, certified copies of the board resolution authorizing the sale of shares along with specimen signatures duly attested by a bank must be annexed.
5. Please send the acceptance form along with all relevant documents at the corporate office of the Company, by registered post with acknowledgement due or by hand delivery or by courier.

ACKNOWLEDGEMENT SLIP

Ledger Folio No. /DPID along Client ID _____

Received from **(Name of shareholder)** an application for buyback of equity share(s) of **Frontline Securities Limited** together with share certificate(s), under the buyback offer to the shareholders.

Date of Receipt	Signature of Official	Stamp

All further correspondence if any should be addressed to the corporate office.