

**ANNUAL REPORT**  

---

**2022-23**





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## COMPANY SNAPSHOT

Kreon Financial Services Limited (KFSL) is a Non - Banking Finance Company established in the Finance industry for 29 years.

Our Company has emerged into a state-of-the-art Fintech Company leveraging digital technology and expertise in the financial industry. As a result, we were able to develop pan-India financial service which has provided our Company immense opportunity to aim for even higher.

The vast universe of financial borrowers in the country presents a colossal opportunity for lenders. This opportunity is compounded by the fact that a large proportion of these potential borrowers could be first-time borrowers. The sheer count of financial borrowers, powered to be first time credit takers by rapid urbanization, represents an immense opportunity for lenders.

KFSL follows the principle of extending credit where credit is due. As a lender, it is crucial that we manage risk effectively. To protect ourselves from internal or external factors, the Company has risk mitigation policies and structures, such as robust credit models and operational systems in place, to successfully manage these risks.

The process of receivables management is inherently exposed to various risks. To avoid or minimize these risks, debtors are closely monitored with regular reminders for collection. In addition, to mitigate the risk of volatile interest rates, KFSL maintains sufficient spreads, offers relatively short tenure loans and adopts lending rates from time to time.

### **OUTLOOK**

Since the Covid-19 pandemic, the Digital lending market has continued to grow multi-fold with advancements in technology and subsequent facilities required to avail these services. The customer base of StuCred, has shown a rapid increase in the current financial year, with an increase in disbursement by 272% from the previous financial year.

The financial performance of the Company has achieved an increase in revenue of 147% from the previous financial year compared to the revenue during this period in the previous financial year.

StuCred that prioritizes the customer's satisfaction, has gained a wider reach in the digital market resulting in the increased financial performance of the Company.

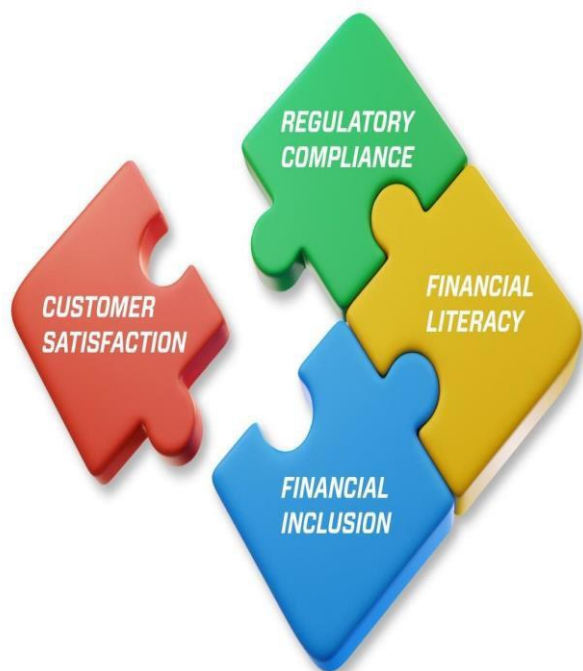
The country's demographics and stage of growth suggest that there is a vast unfulfilled demand in finance spaces. Sectors have been financially underserved or, in some ways, completely neglected by the formal financial sector. As a result, their development has struggled to keep pace.

Digital Lending Market is in its nascent stages of development in India especially in terms of reforms and regulations. It serves as an alternate source of credit and has greater scope in contributing towards financial inclusion.

The situation is fast changing as NBFCs, private banks and private equity have begun to flow into the sectors to tap into the vast potential that they offer. They have begun to approach these target customers with innovative and customized lending products. Leveraging data, information and technology, these Companies are also able to overcome issues of the past – such as creditworthiness, knowledge of customers, credit scores, etc.- that presented hurdles to the companies in the past.

The Government and RBI implement continuous measures to institute policy reforms that facilitate leading to these segments, in hopes to boost the safe consumption of credits through innovation.

# WHAT KREON AIMS AT



**FOCUS ON YOUR STEPS AND**

**THE RESULTS WILL FOLLOW**

# CORPORATE INFORMATION

## Board Of Directors

Mr.Jaijash Tatia, Chairman & Whole Time Director  
Ms. Henna Jain, Non-Executive Director  
Mr.Subbarayan Ekambaram, Independent Director  
Ms.Hemamalini D, Independent Director

## Registered Office Address

#26, 22nd Street, Rathinam Nagar,  
Thiruvanmiyur, Chennai – 600041.  
CIN #: L65921TN1994PLC029317  
Contact: 044-42696634  
Email id: [info@kreon.in](mailto:info@kreon.in)  
Website: [www.kreon.in](http://www.kreon.in)  
UDYAM Aadhar (MSME)#: UDYAM-TN-02-0113242

## Investor Relations

Mrs.Vidyalakshmi  
#26, 22nd Street, Rathinam Nagar,  
Thiruvanmiyur, Chennai – 600041.  
CIN #: L65921TN1994PLC029317  
Contact: 044-42696634  
Email id: [investor.relations@kreon.in](mailto:investor.relations@kreon.in)

## Audit Committee Chairman and Members

Mr.Subbarayan Ekambaram, Chairman  
Mr.JaijashTatia, Member  
Ms.Hemamalini D, Member

## Nomination and Remuneration Committee

### Chairman and Members

Mr.Subbarayan Ekambaram, Chairman  
Ms. Henna Jain, Member  
Ms.Hemamalini D, Member

## Stakeholder Relationship Committee

### Chairman and Members

Mr.Subbarayan Ekambaram, Chairman  
Ms. Henna Jain, Member  
Ms.Hemamalini D, Member

## Chief Financial Officer

Mrs.Shoba Nahar

## Company Secretary & Compliance Officer

Mrs.Vidyalakshmi R

## Statutory Auditor

M/s. J V Ramanujam & Co,  
Chartered Accountants  
F1, Lakshmi, New # 56, Old # 28, 3<sup>rd</sup> Main Road,  
Raja Annamalaipuram, Chennai-600028

M/s Darpan & Associates,  
Chartered Accountants  
No.11/12, Shyam Avenue, College Road,  
Nungambakkam, Chennai -600006  
(Appointed w.e.f 17<sup>th</sup> Jan 2023)

## Internal Auditor

M/s. R. Baskaran & Co,  
Chartered Accountants  
Flat No.4, Venkata Vijayam Apartments No.11  
South Road, West CIT Nagar  
Nandanam, Chennai 600035

## Secretarial Auditor

M/s. Lakshmmi Subramanian & Associates  
Practising Company Secretary  
MurugesaNaicker Office Complex, No.81,  
Greems Road, Chennai-600006

## Stock Exchange Listed

Bombay Stock Exchange

## Registrar & Share Transfer Agent

PurvaSharegistry (India) Pvt. Ltd  
Unit No-9, Shiv Shakti Industrial Estate,  
J. R. Boricha Marg, Near LodhaExcelus,  
Lower Parel (East), Mumbai – 400 011  
Contact: 022-23018261/ 022-23010771  
E-Mail id: [support@purvashare.com](mailto:support@purvashare.com)

## List of Banking Relationships

HDFC Bank Limited  
YES Bank Limited  
ICICI Bank Limited  
State Bank of India



**DIRECTOR'S  
REPORT**

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## DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the 29<sup>th</sup> ANNUAL REPORT on the business and operations of our Company and the Audited Financial Statements together with the Auditors Report for the year ended 31<sup>st</sup> March 2023.

### FINANCIAL RESULTS

(Rs in Lakhs)

Particulars	Year ended on 31 <sup>st</sup> March 2023	Year ended on 31 <sup>st</sup> March 2022
Income from operations	961.76	428.90
Profit/(Loss) before depreciation, Interest	496.90	253.73
Interest	45.28	39.04
Depreciation	54.05	4.69
Profit/(Loss) before tax	397.57	210.01
Prior period tax	0.19	-
Provision for tax	1.75	-
Deferred tax	(62.38)	0.02
Profit/(Loss) after tax	458.00	210.03
Other Comprehensive Income ('OCI')	270.48)	296.97
Total Comprehensive Income	187.52	507.00

### BUSINESS PERFORMANCE

The revenue of Kreon in the Financial Year 2022-2023 is Rs.961.76 Lakhs, compared to Rs 428.90 Lakhs in the Financial Year 2021 -2022. During the year under review, Kreon has made a profit of Rs. 458.00 Lakhs for the Financial Year 2022-2023 as compared to Rs.210.03 Lakhs for the Financial Year 2021-2022.

### CHANGE IN NATURE OF BUSINESS

The Company is operating as a Non-Banking Financial Company (Non- Deposit Taking Company). There are no changes in the nature of business.

### CAPITAL STRUCTURE

There was further issue of shares during the financial year which is disclosed in detail under the head "Issue of Shares/Warrants on preferential basis" in this report.

### SHARE CAPITAL

The Authorized share capital of the Company as on 31<sup>st</sup> March 2023, is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 2,50,00,000 (Two Cores Fifty Lakhs) Equity Shares of Rs. 10 (Rupees Ten only) each and 50,00,000 (Fifty Lakhs) Compulsory Convertible Preference Shares of Rs. 10 (Rupees Ten only) each. There is no increase in the Authorized capital during the Financial Year 2022-23.

The paid-up share capital as on 31<sup>st</sup> March, 2022 was Rs.10,90,60,000/- (Rupees Ten Crore Ninety Lakhs Sixty Thousand only) divided into 1,05,86,000 (One Crore Five Lakh Eighty-Six Thousand) Equity shares of Rs.10/- each and 3,20,000 (Three Lakh Twenty Thousand only) Compulsory Convertible Preference Shares of Rs. 10 (Rupees Ten only) each. The paid-up share capital as on 31<sup>st</sup> March, 2023 is Rs.13,62,30,000/- (Rupees Thirteen Crore Sixty-Two Lakh Thirty Thousand only) divided into 1,32,63,000 (One Crore Thirty Two Lakh Sixty Three Thousand only) Equity shares of Rs.10/- each.

## Annual Report 2022-2023

### ISSUE OF SHARES/WARRANTS ON PREFERENTIAL BASIS

The Board of Directors at their meeting held on 7<sup>th</sup> February 2023, allotted 1,60,000 (One Lakhs Sixty Thousand only) Equity Shares of Rs. 10/- each at a premium of Rs.10/- each against conversion of 3,20,000 (Three Lakh Twenty Thousand) CCPS of Rs.10/- each. Also, the Board of Directors at their meeting held on 28<sup>th</sup> March 2023, allotted 28,77,000 (Twenty-Eight Lakh Seventy-Seven Thousand only) Equity Shares of Rs. 10/- each at a premium of Rs.11/- each against conversion of 28,77,000 (Twenty- Eight Lakh Seventy-Seven Thousand only) warrants issued at a price of Rs.21/- each against request for conversion by the equity shareholders on payment of full amount towards the warrants.

### UTILISATION OF PROCEEDS OF PREFERENTIAL BASIS

The money received on subscription of the warrants has been used for the object stated in the object of issue and no deviation has resulted in utilisation of the money.

### DIVIDEND

The available resources are being conserved for future operations, hence no dividend is being proposed for the Financial Year 2022-23.

### TRANSFER TO RESERVES

Company is a non-banking finance company (NBFC) and as per Sec 45IC(i) of RBI Act, 1934, our Company has transferred 20% of the Net Profits to General Reserves amounting to Rs.91.60 Lakhs (Rupees Ninety One Lakh Sixty Thousand only) for the Financial year ended 31<sup>st</sup> March 2023.

### EXTRACT OF ANNUAL RETURN AS PER SECTION 92 (3) OF COMPANIES ACT 2013

The Submission of Extract of Annual Return in MGT-9 is dispensed with in terms of Companies (Management and Administration) Amendment rules, 2021 dated 5<sup>th</sup> March, 2021. Hence, the MGT-9 has not been attached with this report. A copy of the Annual Return to the extent it can be filled up can be viewed in the website of the company at [www.kreon.in](http://www.kreon.in).

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Since the Company is Non-Banking Financial Company registered with the RBI, the disclosures pertaining to Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are not applicable.

### PUBLIC DEPOSITS

Our Company, being a Non-Deposit taking NBFC, has complied with all applicable Regulations of the Reserve Bank of India (RBI). As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our Company has always responded in a prudent manner in protecting the environment in which it operates. During the year, for our Company, provisions as to Corporate Social Responsibility is not applicable.



## Annual Report 2022-2023

### CREDIT RATING

M/s Brickwork Ratings India Pvt. Ltd. (BWR) assigned following ratings to the Company:

S.No.	Name of the Bank/Lender	Amount	Present rating
1	Fund based - Bank Loan - Term loans (Proposed)	Rs.10 Crores Only	BWR BB/Stable Assignment

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED UNDER SECTION 188 (1)

All Contracts / Arrangements / Transactions entered by the Company during the financial year with Related Parties were in ordinary course of business and on arm's length basis. Particulars of such Related Party Transactions is described in Form AOC-2 as required under Section 134 (3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, which is annexed herewith as "ANNEXURE - I". The board has approved a *Policy for Related Party Transactions* which has been hosted on the website of the Company <http://www.kreon.in/wp-content/uploads/2020/07/Policy-on-Related-Party-Transaction.pdf>. There were no materially significant Related Party Transactions entered into by the company during the year under review, which may have potential conflict with the interest of the company at large. There were no pecuniary relationship or transactions entered into by any Independent Directors with the company during the year under review.

### SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES COMPANIES

The Company does not have any Subsidiary or Joint Venture or Associate Company.

### DIRECTORS/KEY MANAGERIAL PERSONNEL

Directors of the Company as on date as follows:

S.NO	NAME AND DIN	DESIGNATION
1	Mr.JaijashTatia (DIN: 08085029)	Whole-Time Director
2	Ms. Henna Jain (DIN: 08383395)	Non- Executive Director
3	Ms.Hemamalini D (DIN: 02914395)	Independent Director
4	Mr.Subbarayan Ekambaram (DIN: 01186153)	Independent Director
5	Mrs.Shoba Nahar	Chief Financial Officer
6	Mrs.Vidyalakshmi R	Company Secretary

During the year under review, there has been no change in the constitution of Board i.e. the structure of the Board remains the same.

In terms of Section 152 of the Companies Act 2013, Ms. Henna Jain, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr.Jaijash Tatia, has been appointed as the Whole-Time Director of the Company for a period of Five years w.e.f 01.04.2018 to 31.03.2023. During the FY 2022-23, the shareholders at the Annual General Meeting held on 30<sup>th</sup> August 2022, approved the appointment of Mr.Jaijash Tatia, as the Wholetime Director of the Company for a further period of Three years w.e.f. 01.04.2023 to 31.03.2026. Accordingly, he will hold the office till 31<sup>st</sup> March 2026.

### COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The company's policy relating to appointment of directors, payment of managerial remuneration, directors' qualifications, positive attributes, independence of directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished as attached to this report. "ANNEXURE - II".

#### **PARTICULARS OF EMPLOYEES AND RATIO OF REMUNERATION OF EACH DIRECTOR TO THE CALCULATION OF MEDIAN EMPLOYEE'S REMUNERATION AND OTHER PRESCRIBED DETAILS**

Details of managerial remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and information required under Section 197 of the Act read with rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned as per "ANNEXURE - III".

#### **FORMAL EVALUATION OF THE PERFORMANCE OF THE BOARD, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS**

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 the Board has carried out the annual performance evaluation of its own performance, and that of its committee, chairperson and individual directors. Inputs were received from the directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

In pursuant to Regulation 17(10) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the evaluation of independent directors was done by the entire board of directors which includes –

- a. Performance of the directors; and
- b. Fulfilment of the independence criteria as specified in the regulations and their independence from the management.

#### **CRITERIA ADOPTED FOR EVALUATION**

The Board evaluated the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID was evaluated by all other directors other than director being evaluated.

The Board has also reviewed the manner in which ID's follow guidelines of professional conduct. Following has also been reviewed:

- (i) Performance review of all the non-independent directors of the company on the basis of the activities undertaken by them, expectation of Board and level of participation;
- (ii) Performance review of the Chairman of the Company in terms of level of competence of Chairman in steering the Company;
- (iii) The review and assessment of the flow of information by the Company to the Board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;
- (iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its Committees shall be carried out by the Board;
- (v) Based on performance evaluation, Nomination and Remuneration Committee and the Board shall determine whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

#### **A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149**

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations.

## Annual Report 2022-2023

### STATUTORY AUDITORS

M/s J. V. Ramanujam & Co, Chartered Accountants (Firm Registration No. 02947S) were reappointed as Statutory Auditors of the Company at the 28<sup>th</sup> Annual General Meeting (AGM) held on August 30, 2022, for a second term of five years from the conclusion of the 28<sup>th</sup> Annual General Meeting till the Conclusion of the 33<sup>rd</sup> Annual General Meeting.

M/s J. V. Ramanujam & Co, Statutory Auditors, vide letter dated January 10, 2023, submitted their resignation to the Board through Audit Committee, giving the reason that majority of partners of the firm M/s J V Ramanujam & Co., Chartered Accountants, having FRN: 002947S, had called for dissolution of the firm with effect from January 1, 2023 and they are unable to continue as Statutory Auditors of the Company with effect from the same date as per the required auditing standards, legal requirements and related guidelines.

M/s Darpan & Associates, Chartered Accountants (Firm Registration No. 016156S) were appointed as Statutory Auditor's to fill casual vacancy caused by resignation of M/s J V Ramanujam & Co., Chartered Accountants, at the Board meeting dated 17<sup>th</sup> January 2023 and approved by the shareholder through Postal ballot E-voting process for which the resolution was deemed to be passed on 15<sup>th</sup> April 2023, till the conclusion of the ensuing Annual General meeting.

M/s Darpan & Associates, Chartered Accountants (Firm Registration No. 016156S), are willing to be appointed as the Statutory Auditors of the Company for a period of 5 years until the conclusion of the 34<sup>th</sup> Annual General Meeting and has given their consent. The Board recommends their appointment at the ensuing Annual General Meeting. The Board of Directors have adopted the Auditors Report as issued by the Statutory Auditor.

### COMMENT ON AUDITOR REPORT

There are no qualifications, reservations, remarks or disclaimers made by the Statutory Auditors, in their audit report.

### SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Lakshmmi Subramanian & Associates, Practising Company Secretaries, to undertake the secretarial audit of the company. The Secretarial Audit Report issued for the FY 2022-23 by the secretarial auditor, P.S.Srinivasan, Associate partner, M/s. Lakshmmi Subramanian & Associates, Practising Company Secretaries bearing (CP No. 3122 ; ACS No. 1090) is annexed herewith as "ANNEXURE - IV".

### COMMENT ON SECRETARIAL AUDITOR REPORT

There are no qualifications, reservations, remarks or disclaimers made by the Secretarial Auditors, in their audit report.

### COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable to the Company.

### FRAUDS REPORTED BY THE AUDITOR

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments that would affect the financial position of the Company from the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Directors Report.

### **RISK MANAGEMENT**

Financing activity is the business of management of risks, which in turn is the function of the appropriate credit models and the robust systems and operations.

Our Company continues to focus on the above two maxims and is always eager to improve upon the same.

Pursuant to Regulation 21(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the regulations of Risk Management Committee is applicable to top 1000 listed entities determined on the basis of market capitalization, as at the end of the immediate previous financial year. Kreon does not have the statutory requirement to have risk management committee. However, the Company ensure to take steps to identify, assess and control risks which in the opinion of the Board may threaten the business activities of Kreon.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROL**

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised a proper system of internal financial control which is commensurate with size and nature of Business. The Board has also re-appointed M/s. R. Baskaran & Co., Chartered Accountants as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013. The internal financial control mechanism adopted and exercised are adequate to the size of the Company.

### **QUALITY POLICIES**

The Company has obtained ISO 9001:2015 & ISO 27001:2013 Certification from an independent, internationally accredited certification company, an internationally recognized standard that ensures our products and services meet the needs of our customers through an effective quality management system.

### **CERTIFICATE ON CORPORATE GOVERNANCE**

As per Regulation 34 (3) read with Schedule V of the SEBI (LODR) Regulations, 2015, Corporate Governance Report is annexed as "ANNEXURE - V" to this Report.

As required by Schedule V of the SEBI (LODR) Regulations, 2015, Auditor's Certificate on Corporate Governance as certified by M/s Darpan & Associates are annexed as "ANNEXURE - VI" to this Report confirming compliances with the conditions of Corporate Governance.

### **BOARD MEETINGS HELD DURING THE YEAR**

The Board met seven (7) times during the financial year under review, the details of which are given in the Corporate Governance Report "ANNEXURE - V". The intervening gap between the Meetings was within the period prescribed under the Companies act, 2013.

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### **CERTIFICATE OF CHIEF FINANCIAL OFFICER**

The Chief Financial Officer of the Company has certified to the Board on Financial Statements and other matters pertaining to Financial Year ended 31st March 2023, in accordance with Regulation 17(8) of the SEBI (LODR) Regulations, 2015, which is annexed as “ANNEXURE - VII” to this Report.

### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

Certificate of Non-Disqualification of Directors (Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) for the year ending 31st March 2023, has been obtained from M/s. AXN Prabhu & Associates, Mr. AXN Prabhu, Practising Company Secretary, C.P #11440; Membership No. 3902 which is annexed as “ANNEXURE - VIII” to this report.

### **STATUTORY COMPLIANCE**

The Company has been adopting the policies and requirements as mandated under various statutes to the extent and as far as possible and shall always strive to abide by the laws and by-laws as applicable.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively. Company is complying with the Secretarial Standards issued by the Institute of Company Secretaries of India.

### **RBI GUIDELINES**

The Company continues to comply with all the applicable regulations prescribed by the Reserve Bank of India (“RBI”), from time to time.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed analysis of the Company’s performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

Since the Company is operating in service sector, the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding conservation of energy and Technology Absorption are not applicable.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the FY 2022-23, Company has incurred an expenditure in foreign currency on purchase / subscription to software of Rs.17.27 Lakhs. During the period 2021-22, there amount of outflow was Rs. 10.50 Lakhs.

### **MATERIAL ORDER PASSED REGULATORS / COURTS / TRIBUNALS**

There was no material order passed by Regulators / Courts / Tribunals during the year under review.

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

Our Company has always believed in providing a safe and harassment free workplace for every individual working in Company’s premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Our Company has a Policy for prevention of Sexual Harassment at workplace and copy of the same has been disclosed on the Company’s website [www.kreon.in](http://www.kreon.in), which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour.

## Annual Report 2022-2023

The Company had instituted an Internal Complaints Committee for redressal of sexual harassment complaint (made by the victim) and for ensuring time bound treatment of such complaints comprising of the following members:

- I. Whole Time Director – Mr. Jaijash Tatia
- II. Director – Ms. Henna Jain
- III. Chief Financial Officer – Mrs. Shoba Nahar

During the Financial year under review there were no cases reported under the said policy.

### POLICY ON VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of its Board and its Powers) Rules, 2014 and in accordance with Regulation 22 of SEBI (LODR) Regulations, 2015 the Company has an established Policy on Vigil Mechanism for Directors / Employees and other stakeholders of the Company to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Code of conduct or ethics policy. The policy also provides a direct access to the Chairman of the Audit Committee to make protective disclosures to the Management about the grievances or violation of the Company's Code of Conduct. The policy is disclosed on the Company's website <http://www.kreon.in/wp-content/uploads/2020/07/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf>.

### POLICIES

The Board of Directors of the Company have from time to time framed and approved various Policies in pursuance of the Companies Act, 2013 and the Listing Agreement/ SEBI (LODR) Regulations, 2015. These Policies and Codes are reviewed by the Board and are updated, if required. The following policies have been framed and has been disclosed on the Company's website [www.kreon.in](http://www.kreon.in):

1. Code of conduct for Directors, Senior Management and Independent Directors
2. Policy for prevention of sexual harassment (POSH)
3. Policy on determination of Materiality of Events or Information
4. Board diversity policy
5. Performance evaluation policy
6. Succession plan for the Board and Senior Management
7. Risk management Policy
8. Vigil Mechanism or Whistle Blower Mechanism
9. Policy on preservation of documents
10. Policy on Related Party Transaction
11. Criteria for making payment to Non-Executive Directors
12. Terms and conditions for appointment of independent Directors
13. Familiarization Program for Independent Directors
14. Code for prevention of Insider Trading in securities

### OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/ license / authorisation, by whatever name called from any other financial sector regulators.

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a) that in the preparation of the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2023, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

## Annual Report 2022-2023

- b) that such Accounting Policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2023 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Annual Financial Statements have been prepared on a going concern basis
- e) that proper Internal Financial Controls were in place and that the financial controls were adequate and were operating effectively; and
- f) that system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## ACKNOWLEDGEMENT

The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the Company & the Management and to all the customers across all areas of our operations, who have given the Company an opportunity to serve them.

The Company looks forward to further strengthening the synergies. The entire KFSL Team deserves the appreciation for their sincere efforts and determination to excel. The core team of KFSL plays a pivotal role in articulating and implementing the strategic decisions and thus contributing to the development of the company. I take this opportunity to express my heartfelt appreciation for their continuous support, hard work and dedication.

We trust this journey will continue to be a pleasant one with their support, aware of the fact that we have “Miles to go.... with the confidence that “Together We Can, and We Will.”

**By Order Of The Board  
For Kreon FInancial Services Limited**

**Sd/-  
JaijashTatia  
Whole time Director  
(DIN: 08085029)**

**Sd/-  
Henna Jain  
Director  
(DIN: 08383395)**

**Place: Chennai  
Date :19.05.2023**

## ANNEXURE - I

## FORM NO. AOC - 2

*(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

## 1. Name of the Related Parties and description of the relationship

S.No.	Particulars	Relationship
1	Mr.JaijashTatia	KMP
2	Mr.Bharat Jain Tatia	Relatives of KMP
3	M/s Ashram Online.Com Limited	Enterprises over which KMPs and their relatives can exercise significant influence
4	M/s Tatia Global Venntures Limited	Enterprises over which KMPs and their relatives can exercise significant influence
5	M/s Opti Products Private Limited.	Enterprises over which KMPs and their relatives can exercise significant influence

## 2. Details of contracts or arrangements or transactions not at arm's length basis.- NIL

## 3. Details of transactions at arm's length basis with Related Parties during the FY 2022-23

S.No	Name	Nature of contracts/arrangements/transactions	Relationship	Duration, if any	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Transactions during the year 2022-23 (Amount in Lakhs)
1	Mr. Bharat Jain Tatia	Relative of KMP	Rent Payment	1 year	-	20/05/2022	-	1.75
2	M/s Ashram Online.Com Limited	Enterprises over which KMPs and their relatives can exercise significant influence	Interest Paid/ Payable	1 year	-	20/05/2022	-	10.93
3			Loans Taken	1 year	-	20/05/2022	-	67.00
4			Loan Re-payment	1 year	-	20/05/2022	-	58.10
5	M/s Tatia Global Vennture Limited	Enterprises over which KMPs and their relatives can exercise significant influence	Interest Paid/ Payable	1 year	-	20/05/2022	-	22.76
6			Loans Taken	1 year	-	20/05/2022	-	150.60
7			Loan Re-payment	1 year	-	20/05/2022	-	42.00



**Annual Report 2022-2023**

8	M/s Opti Products Private Limited	Relatives of KMP/Enterprises over which KMPs and their relatives can exercise significant influence	Interest Paid/ Payable	1 year	-	20/05/2022	-	1.04
9			Loans Taken	1 year	-	20/05/2022	-	76.50
10			Loan Re-payment	1 year	-	20/05/2022	-	88.25
11	Mr.Jaijash Tatia	Promoter/Director/KMP	Loan Borrowing	1 year	-	20/05/2022	-	36.10
12			Loan Re-payment	1 year	-	20/05/2022	-	-

**By Order Of The Board  
For Kreon Financial Services Limited**

**Sd/-  
Jaijash Tatia  
Whole time Director  
(DIN: 08085029)**

**Sd/-  
Henna Jain  
Director  
(DIN: 08383395)**

**Place : Chennai  
Date : 19.05.2023**

## ANNEXURE - II

### REMUNERATION POLICY

In accordance with the provisions of Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee recommended the following remuneration policy relating to the remuneration being paid to Directors, Key Managerial Personnel and other employees, which was approved and adopted by the Board.

#### REMUNERATION TO EXECUTIVE DIRECTORS; KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT & OTHER EMPLOYEES:

The payment of managerial remuneration to Executive Directors will be recommended by Nomination and Remuneration Committee which will be confirmed by Board of Directors and/or Shareholders as per applicable provisions of Companies Act, 2013. Further remuneration of Key Managerial Personnel and Senior Management & Other Employees (one level below executive directors) shall be decided / recommended by the management / Executive Directors based on company's HR Policy.

Further following point's needs to be considered while making payment of remuneration to Executive Directors, Key Managerial Personnel and Senior Management:

- The Remuneration and terms of employments shall be fixed / recommended in such a manner that the structure is clear and meets appropriate performance benchmarks.
- The Remuneration involve a good balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of the Company and its goals.
- The remuneration will be in correlation of companies HR Policy.
- No directors or Key Managerial Personnel should be directly involved in determining their own remuneration or their performance evaluation.

#### REMUNERATION TO NON-EXECUTIVE DIRECTORS:

Apart from sitting fees or Commission (if any), Company is not paying any amount to Non-Executive Directors.

#### CRITERIA FOR IDENTIFICATION OF PERSONS FOR APPOINTMENT AS DIRECTORS AND IN SENIOR MANAGEMENT:

Pursuant to provisions of section 178(3) of the Act Read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Nomination and Remuneration Committee is required to formulate the criteria for determining qualification, positive attributes and independence of a Director and senior management. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose is as under:

Qualification:

The payment of managerial remuneration to Executive Directors will be recommended by Nomination and Remuneration Committee which will be confirmed by Board of Directors and/or shareholders as per applicable provisions of Companies Act, 2013. Further remuneration of Key Managerial Personnel and Senior Management & Other Employees (one level below executive directors) shall be decided / recommended by the management / Executive Directors based on company's HR Policy.

- He / she should be qualified and eligible as per the provisions prescribed under Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and should possess appropriate skills, experience and knowledge.

## Annual Report 2022-2023

Criteria for appointing a Director:

- He should be knowledgeable and diligent in updating his knowledge and should have qualification, skills, experience and expertise by which the Company can benefit and should be person of integrity, with high ethical standards.
- Independent Director, in addition to above should fulfil the criteria for being appointed as an Independent Director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
- In addition to above Executive Directors should possess quality like leadership, vision, ability to steer the organization even in adverse condition, innovative thinking and team mentoring.

Criteria for appointing a Senior Management Employee / Key Managerial Personnel:

- He/she should possess required educational qualification from recognized institution.
- He/she should have integrity, hardworking, positive thinking and other skills as required for suitable position.
- Detailed background information will be cross checked from reliable sources.
- Criteria under Companies' HR Policy will be followed.

## ANNEXURE - III

**Particulars of employees (pursuant to section 197(12) of the Companies act, 2013 read with Rule 5 of the companies (appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended)**

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with Rules made there under:

- A. The Company does not have any employees who is drawing remuneration in excess of limit prescribed under section 197(12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- B. Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. The ratio of remuneration / Sitting Fees of each director to the median remuneration of employees of the company for the Financial Year 2022-23:

Sl. No	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr.JaijashTatia	Whole-Time Director	Remuneration	5.05:1

2. The Percentage increase in remuneration / sitting fees of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2022-23:

Sl. No	Name	Designation	Nature of Payment	% Increase in remuneration/ Sitting fee
1.	Mr.JaijashTatia	Whole-Time Director	Remuneration	NIL
2.	Ms. Henna Jain	Non-Executive Director	Sitting Fees	NIL
3.	Ms.Hemamalini	Independent Director #	Sitting Fees	NIL
4.	Mr Subbarayan Ekambaram	Independent Director #	Sitting Fees	NIL
5.	Mrs.ShobaNahar	Chief Financial Officer	Remuneration	NIL
6.	Mrs.Vidyalakshmi R	Company Secretary and Compliance Officer	Remuneration	NIL

# The Independent Directors of the Company are entitled to sitting fees as per the statutory provisions and within the limits approved by the Board of Directors. The details of remuneration of Independent Directors are provided in the Corporate Governance Report.

3. The percentage increase in the median remuneration of employees in the financial year: **53%**
4. The number of permanent employees on the rolls of the company: 27 employees
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The Managerial remuneration has not increased in the current year. Annual increments, if any, are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

**Annual Report 2022-2023**

6. There are no employees falling within the provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Board of Directors of the Company affirmed that remuneration of all the Key Managerial Personnel of the Company is as per the Remuneration Policy of the Company.

**By Order Of The Board  
For Kreon Financial Services Limited**

**Sd/-**

**JaijashTatia**

**Whole time Director  
(DIN: 08085029)**

**Sd/-**

**Henna Jain**

**Director  
(DIN: 08383395)**

**Place: Chennai**

**Date: 19.05.2023**

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# **SECRETARIAL AUDIT REPORT**

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## ANNEXURE - IV

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2023**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members  
Kreon Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kreon Financial Services Limited (hereinafter called the company). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have also examined the following with respect to the new amendment issued vide SEBI Circular number CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019(Regulation 24A of SEBI(LODR)).

- (a) all the documents and records made available to us and explanation provided by Kreon Financial Services Limited ("the Listed Entity"),
- (b) the filings/submissions made by the Listed Entity to the Stock Exchanges,
- (c) website of the listed entity,
- (d) books, papers, minute books, forms and returns filed with the Ministry of Corporate Affairs and other records maintained by Kreon Financial Services Limited ("the Company") for the financial year ended on 31st March, 2023 according to the provisions as applicable to the Company during the period of audit and subject to the reporting made hereinafter and in respect of all statutory provisions listed hereunder:
  - i. The Companies Act, 2013 (the Act) and the Rules made there under;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;
    - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
    - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015 as amended from time to time;
    - (d) The Securities And Exchange Board Of India (Registrars to An Issue And Share Transfer Agents) Regulations, 1993 as amended from time to time;

## Annual Report 2022-2023

- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

We hereby report that

- a. The Listed Entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder.
- b. The Listed Entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder in so far as it appears from our examination of those records.
- c. There were no actions taken against the listed entity/its promoters/directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operation Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder,

We have also examined the compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Company with the Stock Exchanges, where the Securities of the Company are listed and the uniform listing agreement with the said stock exchanges pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (ii) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India as amended from time to time.

In our opinion and as identified and informed by the Management, the following laws are specifically applicable to the Company:

1. Reserve Bank of India Act, 1934
2. Guidelines, directions, and instructions issued by the RBI through notifications and circulars relating NBFC.
3. Non-banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988 and circulars relating to Non-Banking Financial Institutions as of 31<sup>st</sup> March 2023

It is reported that during the period under review, the Company has been regular in complying with the provisions of the Act, Rules, Regulations, and Guidelines, as mentioned above.

We further report that there were no actions/events in the pursuance of

1. The Securities and Exchange Board of India (Share Bases Employee Benefits and Sweat Equity) Regulations, 2021 as amended from time to time.
2. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 as amended from time to time.
3. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as amended from time to time.
4. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.
5. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

requiring compliance thereof by the Company during the Financial Year under review.

We further report that, on examination of the relevant documents and records and based on the information provided by the Company, the Company has an adequate monitoring system including for RBI Compliances and the same is monitored by the Key managerial personnel wherever applicable.



## Annual Report 2022-2023

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by Statutory financial auditor and other designated professionals.

We further report that

The company is well constituted with a proper balance of Executive Directors, Non-Executive and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were delivered and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that during the audit period no events have occurred, which have a major bearing on the Company's affairs, except the following:

1. Re appointment of Mr. Jaijash Tatia as Whole Time Director for a period of 3 years w.e.f. 1.04.2023 at the AGM held on 30<sup>th</sup> August 2022.
2. Resignation of M/s J V Ramanujam & Co, Statutory auditors of the company due to dissolution of firm with effect from 1<sup>st</sup> January 2023.
3. Appointment of M/s Darpan & Associates, Chartered Accountants (FRN 0161565) as statutory auditors of the company in the casual vacancy caused by the above resignation and new auditors to hold office up to the conclusion of ensuing annual general meeting.
4. Out of the 6,20,000 Compulsorily Convertible preference shares at the face value of Rs 10/- each allotted to M/S Jinpaad Developers Private Limited and partially converted into Equity shares during FY 2021-22, conversion of remaining 3,20,000 (Three Lakhs Twenty Thousand) Compulsorily Convertible Preference Shares (CCPS) of face value of Rs. 10/- (Rupees Ten only) each into 1,60,000 {One Lakh Sixty Thousand} Equity Shares of face value of Rs. 10/- (Rupees Ten only) each and at a premium of Rs. 10/- (Rupees Ten only) each on preferential basis was approved at the Board meeting held on 07<sup>th</sup> February 2023.
5. Allotment of Equity shares on conversion of warrants allotted on preferential basis to promoters and non- promoters against the conversion of 28,77,000 Warrants ("Warrants") at a price of Rs. 21/- per Warrant, aggregating to an amount of up to Rs, 6,04,17,000/- (Rupees Six Crore Four Lakh Seventeen Thousand Only) into 28,77,000 Equity shares at a face value of Rs. 10/- each and at a premium of Rs. 11/- each which was approved at the Board meeting held on 28<sup>th</sup> March 2023

Place: Chennai  
Date: 02.06.2023

For M/s Lakshmmi Subramaniam & Associates

Sd/-  
CS P. S. Srinivasan  
Membership No. 1090  
C.P.No. 3122  
PR No. 1670/2022  
UDIN: A001090E000449417

**ANNEXURE – A**

**To,  
The Members  
Kreon Financial Services Limited**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on a random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place: Chennai  
Date: 02.06.2023**

**For M/s Lakshmmi Subramaniam & Associates**

**Sd/-  
CS P. S. Srinivasan  
Membership No. 1090  
C.P.No. 3122  
PR No. 1670/2022  
UDIN: A001090E000449417**

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# **CORPORATE GOVERNANCE REPORT**

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## ANNEXURE –V

### REPORT ON CORPORATE GOVERNANCE

Corporate governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interest while conducting business.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Kreon Financial Services Limited (the 'Company' or KFSL) for FY2022-23.

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the SEBI Listing Regulations and the Regulations of RBI for Non-Banking Financial Companies (the 'NBFC Regulations'), as applicable to the Company. As will be seen, the Company's corporate governance practices and disclosures are well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws.

#### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

KFSL believes that effective Corporate Governance is not just the framework enforced by the regulation, but it is supported through the principles of transparency, unity, integrity, spirit and responsibility towards the stakeholders, shareholders, employees and customers.

KFSL's philosophy on Corporate Governance is about intellectual honesty whereby the governance is not just about encompassing regulatory and legal requirements but also dwells deeper into the ethical leadership and stability. The Company's Code of Conduct for Directors and Senior Management, robust Board governance processes and strong audit mechanisms reflects our commitment to good Corporate Governance framework in all facets of procedures and reporting systems with strong emphasis on transparency, accountability and integrity.

Good Corporate Governance practices enhances long term Shareholders value through assisting the top management in taking sound business decisions and prudent financial management and achieving transparency and professionalism in all decisions and activities of the Company.

#### GOVERNANCE STRUCTURE

##### BOARD OF DIRECTORS

The Board is entrusted with an ultimate responsibility of the Management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the Management adheres to ethics, transparency and disclosures.

##### COMMITTEES OF THE BOARD

The Board has constituted the following Committees viz, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee. Each of the said Committee has been mandated to operate within a given framework.

##### COMPOSITION AND CATEGORY OF DIRECTORS.

The Board is broad based and consists of eminent individuals from Industrial, Managerial, Financial and Marketing background with considerable expertise and experience to guide the management in the operations of the company. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies

## Annual Report 2022-2023

Act, 2013. The Company has a diversified Board with judicious combination of Executive and Non-Executive Directors. As at 31<sup>st</sup> March, 2023, the Board comprised of one Executive Director (whole time Director), three Non-Executive Directors, two out of three Non-Executive Directors are Independent Directors. All the Independent Directors satisfy the criteria of independence as defined under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations, 2015).

The names and categories of the Directors on the Board, and the number of directorships, committee chairmanship(s) / membership(s) held by them in other public companies and number of shares held by them as on 31<sup>st</sup> March, 2023 are given herein below:

Sl No	Name of the Directors	Category	Date of appointment / Re appointment	No. of Directorship in other Public Companies *	No. of Committee Positions held in other Public Companies**		No. of Shares held in the Company
					Chairman	Member	
1	Mr.JaijashTatia (DIN #08085029)	Whole-Time Director	01.04.2018	-	-	-	19,45,300
2	Ms. Henna Jain (DIN #08383395)	Non- Executive Director	22.03.2019	-	-	-	6,80,000
3	Ms.Hemamalini (DIN #02914395)	Non- Executive Independent Director	31.03.2010	1	-	-	100
4	Mr.Subbarayan Ekambaram (DIN #01186153)	Non- Executive Independent Director	02.07.2003	-	-	-	100

\* Excluding Directorship in Kreon Financial Services Limited. Directorship held in Private Limited Companies, Foreign Companies and Companies formed under Section 8 of the Companies Act, 2013 alternate Directorship are also excluded.

\*\* Committee includes Audit Committee, Nomination & Remuneration Committee and Stakeholder's Relationship Committee across all Public Companies.

### NOTES:

1. The Independence of a Director is determined by the criteria stipulated under Regulation 16 (1)(b) of SEBI LODR Regulations, 2015 and Section 149 (6) of the Companies Act, 2013.
2. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
3. None of the Directors on the Board hold directorship in more than 20 Companies or more than 10 public Companies whether listed or not. Necessary disclosures regarding Directorship positions in other Companies as on 31<sup>st</sup> March, 2023 have been made by the Directors.
4. None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees pursuant to Regulation 26 of the SEBI LODR Regulations, 2015 across all public companies, whether listed or not, in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31<sup>st</sup> March, 2023 have been made by the Directors.
5. None of the Directors of the Company are holding position of Independent Director in more than seven listed companies.
6. Mr.JaijashTatia and Ms. Henna Jain are related to each other.
7. Details of Directors re-tiring or being re-appointed at the ensuing Annual General Meeting have been furnished in the Notice convening the Annual General Meeting of the shareholders along with their brief profiles.

## Annual Report 2022-2023

### BOARD MEETINGS

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board Meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are held at registered office of the Company.

During the year under review, Board of Directors of the Company met 7 times, viz 20<sup>th</sup> May 2022, 1<sup>st</sup> August 2022, 8<sup>th</sup> November 2022, 17<sup>th</sup> January 2023, 7<sup>th</sup> February 2023, 13<sup>th</sup> March 2023 and 28<sup>th</sup> March 2023 and the Meetings were convened as per the provisions of the Act. The necessary quorum was present for all the meetings. The gap between any two Board Meetings did not exceed 120 days as mandated under Section 173 of the Companies Act, 2013 and Regulation 17 (2) of the Listing Regulations. The conduct of Board Meetings is in compliance with the applicable provisions of the Companies Act, 2013 and Secretarial Standards on Meetings of the Board of Directors issued by the Institute of the Company Secretaries of India.

The details of attendance of each Director at the Board Meeting and Annual General Meeting are given below:

Name of Directors	No. of Board Meetings held during the year 2022-2023	No. of Board Meetings attended during the year 2022-2023	Attended the previous AGM (YES or NO)
Mr.JaijashTatia	7	7	YES
Mr.Subbarayan Ekambaram	7	7	YES
Ms.Hemamalini	7	7	YES
Ms. Henna Jain	7	7	YES

### KEY SKILLS, EXPERTISE AND COMPETENCIES

Sl No	Name of the Directors	Skills/Expertise Identified by the Board	Specialization
1	<b>Mr.JaijashTatia</b>	<ul style="list-style-type: none"> <li>• Integrity,</li> <li>• Ability to function as Team,</li> <li>• Leadership Quality,</li> <li>• Commitment</li> <li>• Future Vision &amp; Innovation</li> </ul>	Mr.Jaijash Tatia is a business graduate from Regents University, London, specializing in Financial Economics and Business Management consisting of various courses including Asset Management and Risk Management. He has undergone various additional modules such as, Managerial and Financial Accounting and Statistics at City University, London, United Kingdom. The Company is benefited from the knowledge and expertise of Mr.Jaijash Tatia.
2	<b>Mr.Subbarayan Ekambaram</b>	<ul style="list-style-type: none"> <li>• Integrity,</li> <li>• Ability to function as Team,</li> <li>• Commitment</li> <li>• Financial Expertise</li> </ul>	Mr.Subbarayan Ekambaram has more than four decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is having rich experience in Finance sector. He has substantial exposure to financial services. He possesses all skills & expertise as required for the growth of the Company in future. The Company is benefited from the valuable experience, knowledge and Expertise of Mr.Subbarayan Ekambaram
3.	<b>Ms.Hemamalini</b>	<ul style="list-style-type: none"> <li>• Integrity,</li> <li>• Ability to function as Team,</li> </ul>	Ms.Hemamalini is having vast experience in Finance sector for past 10 years. She is very dedicated towards her role & responsibilities. She is having good exposure in the Finance sector. During a career span of so many years, she

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		<ul style="list-style-type: none"> <li>• Commitment</li> <li>• Financial expertise</li> </ul>	has successfully established and led many innovative services which have led the organization growth. (i.e. created value in the organization)
4.	<b>Ms. Henna Jain</b>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Leadership Skills</li> <li>• Ability to function as Team</li> <li>• Commitment</li> <li>• Future Vision &amp; Innovation</li> </ul>	Ms. Henna Jain, a flourishing young entrepreneur, she has been one of the team members at the helm of StuCred since August 2017 and has been positively contributing to the areas of marketing and business operations. She holds an MA (Hons) International Relations and Economics from University of St Andrews, Scotland. In an effort to constantly expand her knowledge and expertise, she has completed 3 advanced level online courses in Marketing, specialising in Social Media Marketing from Northwestern University, USA.

### INDEPENDENT DIRECTORS AND EVALUATION OF DIRECTORS AND THE BOARD:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has two Non-Promoter Independent Directors in line with the Companies Act, 2013 and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are incorporated on the website of the Company at <http://www.kreon.in/wp-content/uploads/2020/07/Terms-and-conditions-for-appointment-of-Independent-Directors.pdf>. The Company has received necessary declaration from each Independent Directors under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the Board and of each Director. The evaluation of the performance of the Board is based on the approved criteria such as the Board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

A separate meeting of Independent Directors was held on 24.03.2023 to review the performance of Non-Independent Directors and Board as whole.

### FAMILIARIZATION PROGRAM FOR BOARD MEMBERS

The Company has adopted the Familiarization Programme to familiarize Independent Directors of the Company. The regular meeting of the Independent Directors is being held to discuss about the strategy, operation and functions of the Company. Further, the Independent Directors are provided with opportunity to interact with the Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

The Familiarization Programme, as adopted by the Board, has been uploaded on the website of the Company at <http://www.kreon.in/wp-content/uploads/2020/07/Familiarization-Programme-for-Independent-Directors.pdf>.

### COMMITTEES OF BOARD

The Board has constituted sub-committees to deal with specific areas and activities which concern the Company and requires a closer view. The Board Committees are formed with the approval of the Board and function under their respective Charters which defines the scope, powers and composition of the Committee. These Committees play an important role in the overall management of the day-to-day

## Annual Report 2022-2023

affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. As at 31<sup>st</sup> March, 2023, we have three Sub- Committees of the Board as under:

- Audit Committee
- Stake Holders Relationship Committee
- Nomination and Remuneration Committee

### AUDIT COMMITTEE

Audit Committee of the Board of Directors (“the Audit Committee”) its composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Listing Regulations. The primary objective of the Audit Committee is to exercise effective control and supervision over the financial reporting in order to ensure accurate, timely and proper disclosure of the financials of the company. The terms of reference of the Audit Committee are as under:

1. To monitor and provide an effective supervision of the Management’s financial reporting processes to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting.
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
3. Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - a. matters required to be included in the Director’s Responsibility Statement forming part of the Board’s report in terms of clause( c) of sub-section 3 of Section 134 of the Companies Act, 2013,
  - b. compliance with listing and other legal requirements relating to financial statements,
  - c. disclosure of related party transactions, if any
  - d. qualifications in the draft audit report,
  - e. Reviewing with the management, the unaudited / audited quarterly, half yearly and annual financial statements along with Limited Review Reports and Auditor’s report before submission to the Board for approval,
4. Review of internal audit function, adequacy of internal control systems, vigil mechanism, whistle blower mechanism and enterprise risk management.

The Audit Committee, apart from looking into matters as are specifically referred to it by the Board of Directors, also looks into the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing requirements. The Audit Committee comprises of 3 Directors of which 2 are Independent Directors. The Chairperson of the Audit Committee is an Independent Director. All members of the Audit Committee are financially literate, and one half of the members have expertise in accounting and financial management.

During the year under review, the Committee met six times, viz. 18<sup>th</sup> May 2022, 1<sup>st</sup> August 2022, 8<sup>th</sup> November 2022, 17<sup>th</sup> January 2023, 7<sup>th</sup> February 2023 and 28<sup>th</sup> March 2023 with necessary quorum and the gap between any two meetings did not exceed 120 days. The constitution of the Committee and the attendance of each member of the Committee as on 31<sup>st</sup> March, 2023 are given below:

Composition of the Audit Committee and the attendance of each member of the committee

Name	Position	Category	Meetings Held	Meetings Attended
Mr.Subbarayan Ekambaram	Independent Director	Chairman	6	6
Mr.JaijashTatia	Whole-time Director	Member	6	6
Ms.Hemamalini	Independent Director	Member	6	6



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The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever required. The Chief Financial Officer of the Company is a regular invitee at the Meeting.

The Company Secretary & Compliance Officer acts as the Secretary to the Committee. The minutes of the Audit Committee meetings had been circulated periodically to the Board for its discussion and further noting thereof. The Chairman of the Audit Committee was present at the 28<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> August 2022.

### STAKE HOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee has been constituted in terms of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

#### Terms of Reference

The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and timelines of dealing with complaint letters received from Stock Exchanges / SEBI / Ministry of Corporate Affairs etc. and the responses thereto. The Committee also has the mandate to review and address shareholder grievances pertaining to share transfers, non-receipt of annual reports, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

The Stakeholder Relationship Committee consists of three Directors of which two are Independent Directors. During the year under review, the Committee met two times, viz. 18<sup>th</sup> May 2022 and 15<sup>th</sup> March 2023 with necessary quorum. The constitution of the Committee and the attendance of each member of the Committee as on 31<sup>st</sup> March, 2023 are given below:

#### Composition of Stakeholders Relationship Committee and the attendance of each member of the committee:

Name	Position	Category	Meetings Held	Meetings Attended
Mr.Subbarayan Ekambaram	Independent Director	Chairman	2	2
Mr. Henna Jain	Promoter- Non- Executive Director	Member	2	2
Ms.Hemamalini	Independent Director	Member	2	2

The Company Secretary & Compliance Officer acts as the Secretary to the Committee. The share transfers/transmissions approved by the Committee are placed at the Board Meetings from time to time.

#### Disclosure on the delegated authority constituted for attending to share transfers and connected work:

Name of the delegated authority	Description of the delegated Authority	Address	Contact No	Email id
Mrs.Vidyalakshmi R	Company Secretary and Compliance officer	No 26, 22nd Street, Rathinam Nagar, Thiruvannamiyur, Chennai-600041	044-42696634	<a href="mailto:investor.relations@kreon.in">investor.relations@kreon.in</a>
PurvaSharegistry (India) Pvt. Ltd	Registrar and Share Transfer Agents	Unit No-9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Near LodhaExcelus, Lower Parel (East), Mumbai – 400 011	022-23018261	<a href="mailto:support@purvashare.com">support@purvashare.com</a>

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### Complaints received and redressed:

During the year under review, the company had not received any complaint from the investors except for dematerialization or issue of duplicate share certificate which was responded within the time specifics.

During the year under review, the company had not received any investors' complaints through SEBI Complaint Redressal System (SCORES).

### NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee constituted pursuant to the provisions of Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013.

During the year, under review the Nomination and Remuneration Committee met one time on 18<sup>th</sup> May 2022, 29<sup>th</sup> July 2022, 24<sup>th</sup> March 2023 for review of performance of the Board members.

The Nomination and Remuneration Committee consists of three Directors of which two are Independent Directors. The constitution of the Committee and the attendance of each member of the Committee as on 31<sup>st</sup> March, 2023 are given below:

### Composition of Nomination and Remuneration Committee and the attendance of each member of the committee:

Name	Position	Category	Meetings Held	Meetings Attended
Mr.Subbarayan Ekambaram	Independent Director	Chairman	3	3
Mr. Henna Jain	Promoter- Non- Executive Director	Member	3	3
Ms.Hemamalini	Independent Director	Member	3	3

### The terms of reference specified by the Board of Directors to the Nomination and Remuneration Committee are broadly indicated hereunder:

- To formulate criteria to determine qualifications, positive attributes and independence of Directors, Key Managerial Personnel (KMP), Senior Management etc., and recommend to the Board a Policy relating to their appointment and remuneration, so as to ensure that the Company's policies in respect of the Directors, KMP are competitive to recruit and retain the best talent in the Company and to ensure appropriate disclosure of remuneration paid to the said persons.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors. Criteria for making payment, if any, to Non- Executive Directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the company's website <http://www.kreon.in/wp-content/uploads/2020/07/Criteria-for-making-payment-to-Non-Executive-Directors.pdf>.

#### NOTES:

- The Independent Directors are paid sitting fees i.e. Rs.1000/- per Board meeting. During the year under review, the Company has paid Sitting fees to Non – Executive Independent Directors of the Company, details of which are as under;

Sr.No	Name	Amount in Rs.
1.	Mr.Subbarayan Ekambaram	7,000/-
2.	Ms.Hemamalini	7,000/-

## Annual Report 2022-2023

2. The remuneration of the Executive Directors is decided by the Nomination and Remuneration Committee based on the performance of the Company in accordance with the Nomination and Remuneration Policy within the limit approved by the Board or Members. Executive Director is also paid Sitting Fee of Rs. 7,000/- towards attending Board Meeting during the Financial year 2022-2023.

3. Remuneration paid to the executive directors during the year is as below:

(i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;	Fixed Income: Rs.2,00,000/- per month including adjustments towards Provident Fund Sitting Fees: Rs. 7,000/-
ii) details of fixed component and performance linked incentives, along with the performance criteria;	As above
(iii) service contracts, notice period, severance fees;	Nil
(iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.	Nil

4. No other performance linked incentives or any other fees are paid to any of the Directors.

5. The Company has not entered into any Service Contract with the Directors, except agreement with Mr.JaijashTatia who is the Whole-time Director of the Company.

6. The Notice Period of the Executive Directors of the Company is 6 months. Further, there is no notice period for the Independent Directors of the Company.

7. The Company does not pay any severance fees to any of the Directors.

8. The Independent Director shall not be entitled to participate in the Stock option scheme, if any introduced by the Company.

### GENERAL BODY MEETINGS AND POSTAL BALLOT:

**Date and time of the General Meetings held during the last three years till 31st March, 2023.**

Details of General Meeting	Date	Time	Venue
26th AGM FY 2019-20	28.09.2020	10.00 AM	AGM conducted through video conferencing (VC) / other audio visual means (OAVM) pursuant to the MCA circular.
27th AGM FY 2020-21	30.09.2021	11.00 AM	AGM conducted through video conferencing (VC) / other audio visual means (OAVM) pursuant to the MCA circular.
Extra Ordinary General Meeting	27.11.2021	11.00 AM	EoGM conducted through video conferencing (VC) / other audio visual means (OAVM) pursuant to the MCA circular.
28th AGM FY 2021-22	30.08.2022	11.00 AM	AGM conducted through video conferencing (VC) / other audio visual means (OAVM) pursuant to the MCA circular.

**Special Resolutions passed at the previous General Body Meetings (for last three years) are as under: At the 26<sup>th</sup> Annual General Meeting held on 28.09.2020: NIL**

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### At the 27<sup>th</sup> Annual General Meeting held on 30.09.2021:

1. To approve the revised terms of existing Loan borrowed by the Company from M/s. Opti Products Private Limited in accordance with the provisions of Companies Act, 2013.
2. To consider and approve the issuance of Non-Convertible Debentures, in one or more series/tranches pursuant to Section 42 of the Companies Act, 2013.

### At the Extra Ordinary General Meeting held on 27.11.2021

1. Ratification of issue of equity shares on conversion of existing debts
2. Ratification of issue of Compulsorily Convertible Preference Shares on preferential basis by converting the loan (partially) borrowed by the company
3. Issuance of warrants on a preferential basis to promoter / promoter group and non - promoter group category

### At the 27<sup>th</sup> Annual General Meeting held on 30.08.2022

1. Alteration of object clause of Memorandum of Association
2. Increase in Borrowing powers

## RESOLUTIONS PASSED THROUGH POSTAL BALLOT

During the financial year 2022-23, company had conducted postal ballot process for filling of casual vacancy of Statutory Auditor. A resolutions was passed by Postal Ballot by remote evoting process by members of the company on 15<sup>th</sup> April 2023 for following purpose:

1. Appointment of M/s Darpan & Associates, Chartered Accountants, as Statutory Auditors to fill up the casual vacancy, caused due to resignation of M/s J V Ramanujam & Co.

M/s Lakshmmi Subramaniam & Associates was appointed as Scrutinizer for Postal ballot E-voting process.

### Resolutions passed by Postal Ballot by remote evoting process by members of the company on 11<sup>th</sup> April 2021

1. Reclassification of Authorized Share Capital
2. To convert existing debt into Equity Shares and Issue of Equity Shares on Preferential basis
3. Issue of Compulsorily Convertible preference shares on preferential basis by converting the loan (partially) borrowed by the Company.

M/s Lakshmmi Subramaniam & Associates was appointed as Scrutinizer for Postal ballot E-voting process.

### Resolutions passed by Postal Ballot by remote evoting process by members of the company on 7<sup>th</sup> June 2021

1. To convert existing debt into Equity Shares and Issue of Equity Shares on Preferential basis
2. Issue of Compulsorily Convertible preference shares on preferential basis by converting the loan (partially) borrowed by the Company.
3. Reclassification of authorized share capital.

M/s Lakshmmi Subramaniam & Associates was appointed as Scrutinizer for postal ballot E-voting process.

## PROCEDURE FOR CONDUCTING VOTING THROUGH POSTAL BALLOT

The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The shareholders are provided the facility to vote either by physical ballot or through e-voting. The postal ballot notice is sent to shareholders as per the permitted mode wherever applicable. The Company also publishes a notice in the newspapers in accordance with the requirements under the Companies Act, 2013.

Shareholders holding equity shares as on the cut-off date may cast their votes through e-voting or through postal ballot during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submits his report to the Chairman and the results of voting by postal ballot are announced within 48 hours of conclusion of the voting period. The results are displayed on the website of the Company [www.kreon.in](http://www.kreon.in) and communicated to the Stock Exchanges, Depositories, and Registrar and Share Transfer Agent. The resolutions, if passed by the requisite majority, are deemed to have been passed on the last date specified for receipt of duly completed postal ballot forms or e-voting

## Annual Report 2022-2023

### MEANS OF COMMUNICATION

The Annual Report containing the Financial Statements are posted/e-mailed to the shareholders of the Company in compliance with the provisions of the Companies Act, 2013.

The Company's philosophy focuses on making the environment greener for the benefit of posterity. In this regard, our Company encourages its shareholders to register/ update the email-ids for communication purpose thereby contributing to the environment.

The unaudited quarterly/half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the Financial Year as per the requirement of the Listing Regulations. The approved financial results are forthwith sent to the Stock Exchanges and are published in one national (English) newspaper "TRINITY MIRROR" and in one vernacular (Tamil) newspaper "MAKKAL KURAL". The results are also displayed on the Company's Website [www.kreon.in](http://www.kreon.in).

The Company does not host official news release in its website. The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchange viz, BSE Limited are filed electronically. The Company has complied with filing submissions through BSE's Listing Centre. As required by the Listing Agreement, Company's website [www.kreon.in](http://www.kreon.in) is updated with the Quarterly information conveyed to the Stock Exchange.

The Company's website contains a separate dedicated section 'Investor Centre' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

With a view to regulate trading in securities by the Directors and designated employees, the Company has adopted a Code of Prevention of Insider Trading in the Securities and hosted in its website [www.kreon.in](http://www.kreon.in).

### GENERAL SHAREHOLDER INFORMATION

<b>Day &amp; Date of Shareholders Meeting</b>	<b>29<sup>th</sup> Annual General Meeting: Friday, 28<sup>th</sup> July 2023</b>
<b>Time</b>	<b>11.00 A.M</b>
<b>Venue</b>	<b>Through Video Conferencing or Other Audio Video Means</b> and will be deemed to held at Registered Office of the Company at No 26, 22 <sup>nd</sup> Street, Rathinam Nagar, Thiruvanmiyur, Chennai-600041
Financial year	2022-2023
Date of Book Closure	<b>22.07.2023 to 28.07.2023 (Both days inclusive)</b>
Listed on Stock Exchange	BSE Limited (BSE); Scrip Code: 530139
International Securities Identification Number (ISIN)	INE302C01018
Address for Correspondence	No 26, 22 <sup>nd</sup> Street, Rathinam Nagar, Thiruvanmiyur, Chennai-600041
Phone	044-42696636
Email ID	investors.relations@kreon.in

### LISTING OF EQUITY SHARES

The Company's shares are listed in the Bombay Stock Exchange. The Company has established connectivity with both depositories, NSDL and CDSL. The company has paid the Annual Listing Fees for the Financial Year 2022-2023, to BSE Ltd within the stipulated time. The Company has also paid the custodian fees for the Financial Year 2022-2023 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

BSE Stock Code: 530139

ISIN No. INE302C01018

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### DEMATERIALIZATION OF SHARES AND LIQUIDITY

Trading in company's shares is permitted only in dematerialized form. The Company has established connectivity with both the depositories viz. NSDL and CDSL through its RTA, whereby the investors have the option to dematerialize their shares with either of the depositories. 70.21% of the Company's paid up Equity Share Capital has been dematerialized up to 31<sup>st</sup> March 2023.

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2023:

Slab of Shareholding	No. of Shareholders	% of Holders	Amount of Shares (in Rs)	% of Shares
Up to 5000	2478	78.29	4209660.00	3.09
5001 – 10000	323	10.21	2680020.00	1.97
10001 – 20000	180	5.69	2767280.00	2.03
20001 – 30000	51	1.61	1289090.00	0.95
30001 – 40000	21	0.66	731350.00	0.54
40001 – 50000	31	0.98	1435160.00	1.05
50001 – 100000	38	1.20	2714940.00	1.99
1,00,001 & ABOVE	43	1.36	120402500.00	88.38
TOTAL	3165	100.00	136230000.00	100.00

### SHAREHOLDING PATTERN AS ON 31<sup>st</sup> MARCH 2023:

Category	Total Shares	% to Equity
Promoters	68,93,169	50.60
Financial Institutions/ Banks	-	-
Central/State Governments	-	-
Non- Institutional Individuals	36,71,485	26.95
Non-Resident Indians	5,62,664	4.13
Bodies Corporates	18,45,135	13.54
Resident Individuals		
HUF	641,137	4.71
Trust	-	-
LLP	1,500	0.01
Others	7,910	0.06
TOTAL	1,36,23,000	100.00

### RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total Listed and paid-up capital is in agreement with the aggregate of the number of shares in dematerialized form held with NSDL and CDSL and the number of shares in physical form.

### REGISTRAR AND TRANSFER AGENT

M/s. PurvaSharegistry (India) Pvt. Ltd is the Registrar and Share Transfer Agent (RTA) of the Company. Members are requested to send all their communications and documents pertaining to both shares in physical form and dematerialized form to the RTA at the following address:

PurvaSharegistry (India) Pvt. Ltd  
Unit No-9, Shiv Shakti Industrial Estate,  
J. R. Boricha Marg, Near LodhaExcelus,  
Lower Parel (East), Mumbai – 400 011  
Contact : 022-23018261  
E-Mail id : [support@purvashare.com](mailto:support@purvashare.com)

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### SHARE TRANSFER SYSTEM

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. 1st April, 2019, except in case of request received for transmission or transposition or re-lodgement of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. .

The Company obtains annually certificate from a Company Secretary in Practice confirming the issue of share certificates, sub-division, consolidation, transmission etc.,and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of SEBI (LODR) Regulations, 2015. Further, the Compliance Certificate under Regulation 7(3) of the SEBI (LODR) Regulations, 2015 confirming that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent registered with the Securities and Exchange Board of India is also submitted to the Stock Exchanges on yearly basis.

As per SEBI notification SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 read with SEBI Press Release dated 3rd December, 2018, the requests for effecting transfer of securities (except in case of transmission, transposition or re-lodgment of securities) is not being processed after 31st March, 2019, unless the securities are held in the dematerialized form with the depositories.

### INFORMATION FOR PHYSICAL SHAREHOLDERS

With reference to SEBI Circular dated 3rd November, 2021 read with SEBI Circulars dated 14th December, 2021 and 25th January, 2022 and 16th March, 2023 on Common and Simplified Norms for processing Investor's Service, shareholders holding shares in physical form, to furnish the following documents mandatorily to Company/ our Registrar & Share Transfer Agent (RTA) on urgent basis, failing which all such physical folios shall stand frozen with effect from 1st October, 2023 by the RTA of the Company. Shareholders with frozen folio shall not be eligible to lodge grievance or avail service request from the RTA and further shall not be eligible for receipt of dividend in physical mode w.e.f. 1st April, 2024.

- 1) Valid PAN including of all Joint Shareholders duly linked with Aadhaar and KYC details (Form ISR-
  - 2) Bank Account details (Bank Name, Branch, Bank Account No, IFSC Code and MICR code) (Form ISR-1)
  - 3) Address with Pin code, Email id and Mobile Number (Form ISR-1)
  - 4) Specimen Signature (Form ISR-2)
  - 5) Registration of Nominee (Form No. SH-13) or Declaration for opting-out of Nomination (Form ISR-3)
- Details of the above forms are available on the website of the Company as well as website of the Registrar and Share transfer agent of the Company. Necessary communication through letters were been sent to all the physical shareholders in this regard in the month of February, 2023.

### MARKET PRICE DATA

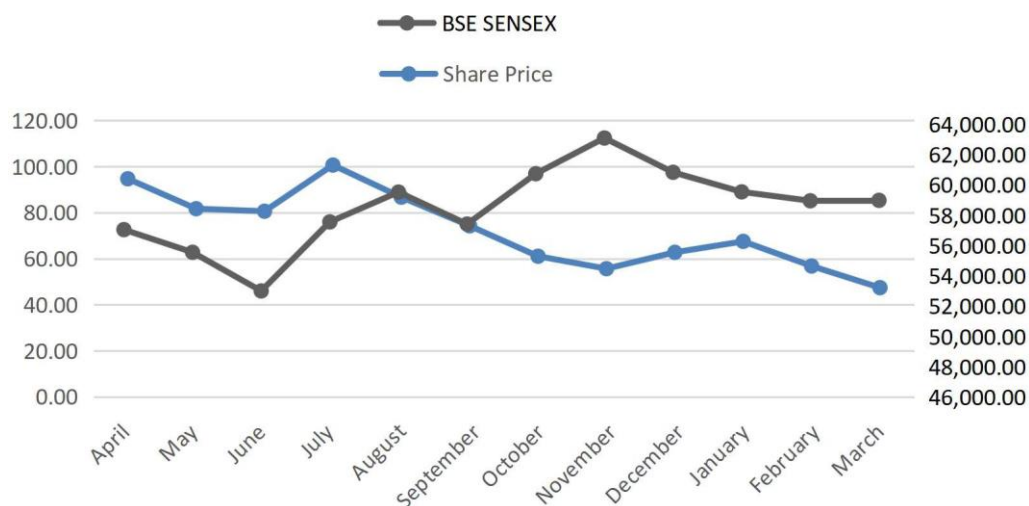
The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the Bombay Stock Exchange Ltd during the financial year 2022-23 are given below:

Month	High Price	Low Price
April	94.70	39.85
May	81.70	63.00
June	80.60	59.65
July	100.65	68.80
August	86.70	63.35
September	74.25	55.60
October	61.05	45.05
November	55.65	41.20
December	62.75	43.00
January	67.50	42.50
February	56.80	38.90
March	47.40	34.00

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### COMPARITIVE PRICE INDEX

The performance of your Company's shares relative to the S&P BSE Sensitive Index during the FY 2022- 23 is given in the chart below:



### OUTSTANDING EMPLOYEE STOCK OPTIONS, GLOBAL DEPOSITORY RECEIPTS ("GDRS"), AMERICAN DEPOSITORY RECEIPTS ("ADRS") ETC.

The Company has not issued any ADR/GDR/ Employee Stock Options in till date.

### COMMODITY RISK OR FOREIGN EXCHANGE RISK:

The Company is not dealing in any activity which may have commodity price risk or Foreign Exchange risk or undertaken hedging activities.

### WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

In FY 2021-22, the Company had issued 95,00,000 warrants on 24<sup>th</sup> January 2022, of which 28,77,000 warrants were converted into Equity on 28<sup>th</sup> March 2023 during FY 2022-23 as detailed in the Financial statements attached herewith. The remaining warrants will be converted into equity shares in FY 2023-24. The conversion option can be exercised by Warrant holders at any time during the period of 18 (Eighteen) months from the date of allotment of equity warrants, in one or more tranches, as the case may be and on such other terms and conditions as applicable.

The Company had also issued Compulsorily Convertible Preference Shares during FY 2021-22, which were fully converted into Equity shares during FY 2022-23. There are no other convertible instruments issued by the Company.

### COMPLIANCE WITH THE ACCOUNTING STANDARDS

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

### COMPLIANCE WITH LISTING REGULATIONS

The Company has complied with all applicable listing requirements of the Listing regulations relating to obligations of the listed entity which has listed its specified securities.



## Annual Report 2022-2023

### **CORPORATE GOVERNANCE REQUIREMENTS**

The Company has complied with all the mandatory corporate governance requirements specified in Regulations 17 to 27 of the Listing Regulations and has also adopted the non-mandatory requirements as prescribed in Part E of Schedule II of Regulation 27 of the Listing Regulations.

### **SECRETARIAL STANDARDS:**

The Company has complied with all the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries.

### **CEO/CFO CERTIFICATION:**

A Certificate from the CFO of the Company inter alia, confirming the correctness of the Financial Statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is also annexed.

### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' Certificate on Corporate Governance as certified by M/s. Darpan & Associates. Chartered Accountant, which is annexed to the Board's report.

In addition to the aforesaid certificate, M/s. Lakshmi Subramanian & Associates, the Practicing Company Secretary has also issued a Secretarial Audit Report pursuant to Section 204(1) of the Companies Act, 2013.

### **PREVENTION OF INSIDER TRADING**

The Company has adopted an Insider Trading Policy to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy also includes practices and procedures for fair disclosure of unpublished price-sensitive information, initial and continual disclosure. The Company has automated the declarations and disclosures to identified designated employees, and the Board reviews the policy on a need basis. The policy is available on our website <http://www.kreon.in/wp-content/uploads/2020/07/Code-for-prevention-of-insider-trading-in-the-securities.pdf>.

### **CREDIT RATING**

The Company has availed Credit rating of BWR/BB Stable for Non fund based Term Loans from M/s Brickwork Ratings India Pvt. Ltd. (BWR).

### **DISCLOSURE OF MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

All transactions entered into with the related parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations were in the course of business and at an arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As required under Regulation 23(1) of Listing Regulations, the Company has adopted a policy on Related Party Transactions. The abridged policy on Related Party Transactions is available on the Company's website at [www.kreon.in](http://www.kreon.in).

### **DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS.**

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed either by SEBI or Stock Exchange or any Statutory Authority for non-compliance of any matter related to the capital markets during the last three years in terms of Schedule V to the Listing Regulations.

## Annual Report 2022-2023

### WHISTLE BLOWER POLICY

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated whistle blower policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of the company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Management / Audit Committee. The whistle blower policy is displayed on the Company's web-site <http://www.kreon.in/wp-content/uploads/2020/07/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf>.

### DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A):

The Company has received Rs.559.13 Lakhs in the FY 2022-23 on preferential allotment of warrants and utilized Rs. 503.00 Lakhs for the specified purpose of working capital requirements of the Company as mentioned at the time of issue of warrants. During the FY 2022-23, the Company has converted 28,77,000 warrants into equity shares against exercise of right of conversion of warrants by the warrant holders and the amount of Rs.287.70 Lakhs and Rs.316.47 Lakhs of warrant money transferred to Equity share capital and Share premium account respectively.

### OTHER DISCLOSURE

#### ACCEPTANCE OF RECOMMENDATION OF ALL COMMITTEES:

There was no instance during the financial year 2022-23 when the Board had not accepted any recommendation of the Committee of the Board.

#### FEES PAID TO STATUTORY AUDITOR

Details of fees paid by the Company and its Subsidiary, on a consolidated basis, to the Statutory Auditor is disclosed in Note No. 27 of the Notes to the Financial Statements for the year ended March 31, 2023 forming part of this Annual Report.

#### DISCLOSURE ON PREVENTION OF SEXUAL HARRASEMENT

The Company has adopted a policy for prevention, prohibition & redressal of sexual harassment and the disclosures in relation to the policy are provided as part of the Board's report. During the year under review, the Company had no complaints reported under the said policy.

#### DISCLOSURE OF MATERIAL SUBSIDIARIES OF LISTED ENTITY

The Company does not have any material subsidiaries.

#### DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT/TRANSFER TO IEPF ACCOUNT:

During the year under review, the Company had no such requirements.

#### APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR:

There were no applications made nor any proceedings pending under the insolvency and bankruptcy code, 2016 during the year under review.

#### MAJOR THINGS HAPPENED DURING THE YEAR WHICH MADE THE IMPACT ON THE OVERALL WORKINGS OF THE COMPANY & THE MAJOR ACTIONS TAKEN BY THE COMPANY IN THAT RESPECT, SUCH AS COVID- 19 PANDEMIC:

During the year under review, the Company had no such instances.

#### THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

During the year under review there was no instance of one-time settlement with any Bank or Financial Institution.

## Annual Report 2022-2023

### COMPLIANCE TO DISCRETIONARY REQUIREMENT OF CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements in relation to the Corporate Governance and wherever required has also taken steps for compliance/ implementation of discretionary items.

The details of implementation of discretionary items are provided below:

- a) Since the Chairman is executive, the Company has not provided for Chairperson office of non-executive chairperson.
- b) Company ensures proper disclosure and dissemination of information. Along with quarterly financial result, Company also provides details of its performance in terms of project and other details, which is provided to stock exchanges for dissemination to shareholders. However, Company does not circulate any half-yearly declaration of financial performance or summary of the significant events of six-months to shareholders.
- c) The Companies audit report is without any qualification. It had only disclaimer, which has been duly explained at the appropriate place.
- d) Company has duly adopted discretionary requirement and internal auditor reports are directly placed to the Audit Committee.

**COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN  
REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF  
REGULATION 46 OF LISTING REGULATIONS**

S.No	Particulars	Regulation Number	Compliance status (Yes/No)
1	Independent directors have been appointed in terms of specified criteria of independence and or eligibility	16(1)(b) & 25(6)	Yes
2	Board composition	17(1)	Yes
3	Meeting of board of directors	17(2)	Yes
4	Review of compliance reports	17(3)	Yes
5	Plans for orderly succession for appointments	17(4)	Yes
6	Code of conduct	17(5)	Yes
7	Fees or compensation	17(6)	Yes
8	Minimum information	17(7)	Yes
9	Compliance certificate	17(8)	Yes
10	Risk assessment and management	17(9)	Yes
11	Performance evaluation of independent directors	17(10)	Yes
12	Composition of audit committee	18(1)	Yes
13	Meeting of audit committee	18(2)	Yes
14	Composition of nomination and remuneration committee	19(1) & (2)	Yes
15	Composition of stakeholder relationship committee	20(1) & (2)	Yes
16	Composition and role of risk management committee	21(1),(2),(3),(4)	NA
17	Vigil mechanism	22	Yes
18	Disclosure of shareholding by non-executive directors	-	Yes
19	Policy for related party transaction	23(1),(5),(6),(7) & (8)	Yes
20	Prior or omnibus approval of audit committee for all related party transactions	23(2), (3)	Yes
21	Approval for material related party transactions	23(4)	Yes
22	Composition of board of directors of unlisted material subsidiary	24(1)	NA

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23	Other corporate governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	NA
24	Maximum directorship and tenure	25(1) & (2)	Yes
25	Meeting of independent directors	25(3) & (4)	Yes
26	Familiarization of independent directors	25(7)	Yes
27	Memberships in committees	26(1)	Yes
28	Affirmation with compliance to code of conduct from members of board of directors and senior management personnel	26(3)	Yes
29	Disclosure of shareholding by non-executive directors	26(4)	Yes
30	Policy with respect to obligations of directors and senior management	26(2) & 26(5)	Yes

**By Order Of The Board  
For Kreon Financial Services Limited**

**Place : Chennai  
Date :19.05.2023**

**Sd/-  
JaijashTatia  
Whole time Director  
(DIN: 08085029)**

**Sd/-  
Henna Jain  
Director  
(DIN: 08383395)**

**WHOLE-TIME DIRECTOR'S DECLARATION ON CODE OF CONDUCT**

To,  
The Members` of  
Kreon Financial Services Limited

I, **JaijashTatia, Whole-Time Director** of the Company, in terms of relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) 2015, hereby certify that Board of Directors has laid down a code of conduct for its Board Members and Senior Management Personnel of the Company and they has affirmed compliance with the said code of conduct.

Sd/-  
**JaijashTatia**  
Whole-Time Director  
(DIN: 08085029)

Place : Chennai  
Date : 19.05.2023

**ANNEXURE - VI****CERTIFICATE OF CORPORATE GOVERNANCE**

To,  
The Members of  
Kreon Financial Services Limited

We have examined the compliance conditions of Corporate Governance by Kreon Financial Services Limited for the year ended on 31st March, 2023 as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for the period 1st April, 2022 to 31st March 2023. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanation given to us, and the representation made by the Directors and the Management, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s Darpan & Associates  
ICAI Firm Registration No.016156S  
Chartered Accountants  
Sd/-  
CA Darpan Kumar  
Partner  
Membership No. 235817 UDIN:  
23235817BGXQKB3698

Place: Chennai  
Date: 19.05.2023

**DECLARATION**

I, JaijashTatia, Whole-Time Director of Kreon Financial Services Limited hereby declare that as of 31<sup>st</sup> March, 2023, all the Board Members and Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Management Personnel laid down by the Company.

For and on behalf of  
Kreon Financial Services Limited  
Sd/-  
JaijashTatia  
Whole-Time Director  
DIN No. 08085029

Place: Chennai  
Date: 19.05.2023

## ANNEXURE - VII

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### CERTIFICATION FROM CHIEF FINANCIAL OFFICER

To,  
The Board of Directors  
Kreon Financial Services Ltd

I, **Shoba Nahar, Chief Financial Officer** of the Company do hereby certify that:

(a) I have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2023 and to the best of my knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and Regulations.

(b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 31<sup>st</sup> March 2023 which are fraudulent, illegal or violative of the company's code of conduct.

(c) I accept the responsibility for establishing and maintaining internal controls system and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have indicated to the auditors and the Audit committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken to rectify those deficiencies.

### DECLARATION

I further certify that I have indicated to the Audit Committee that:

(i) That there was no significant changes in internal control over financial reporting during the year;

(ii) That there was no significant changes in accounting policies during the year except for the changes that have been disclosed in the notes to the financial statements; and

(iii) There were no instances of significant fraud of which I have become aware of and the involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Kreon Financial Services Limited**

Sd/-  
**Shoba Nahar**  
Chief Financial Officer

Place: Chennai  
Date: 19.05.2023



**ANNEXURE - VIII****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS  
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing  
Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
**Kreon Financial Services Limited #26,  
22nd Street, Rathinam Nagar,  
Thiruvanmiyur, Chennai – 600041.**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kreon Financial Services Limited, CIN # L65921TN1994PLC029317 and having Registered Office at #26, 22nd Street, Rathinam Nagar, Thiruvanmiyur, Chennai – 600041, (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of Director	DIN	Date of Original Appointment in Company
1	Mr.Jaijash Tatia	08085029	01.04.2018
2	Mr.Subbarayan Ekambaram	01186153	02.07.2003
3	Ms.Hemamalini	02914395	31.03.2010
4	Ms. Henna Jain	08383395	22.03.2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For AXN Prabhu & Associates**

**Sd/-  
CS AXN Prabhu  
Practising Company Secretary  
M No. 3902; C.P No. 11440  
UDIN: F003902E000403873**

**Place: Chennai  
Date: 19.05.2023**

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# **MANAGEMENT DISCUSSION AND ANALYSIS**

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## MANAGEMENT DISCUSSION AND ANALYSIS

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### KREON FINANCIAL SERVICES LIMITED-AN OVERVIEW

Kreon Financial Services Limited is a Non-Banking Finance Company and with reforms being expected in the NBFC sector, the company is now poised to grow, building a reputation of quality, craftsmanship and expertise. Our Company which started as a conventional lending Company is moving into a state-of-the-art Fintech Company. Our Company is dedicated towards creating an open credit and financial services platform through Technology innovations by providing consumers and small businesses with convenient inclusive financial services. This philosophy originated from 20+ years of practice since the establishment of our financial business, as well as in realizing the realities of inclusive financial services in India.

Financial Inclusion is the spotlight of various reforms introduced in the financial sector at present. The rapid expansion of digital lending platform helps in achieving this goal. Our Company leverages cutting edge technologies to engineer lending products as the basis for providing financial services to the public. There is a very huge market to be served, which needs an efficient last mile delivery of credit, thus creating enormous opportunity for all the financial institutions and NBFCs in particular. Our Company continues to pursue the strategy of being multi-locational, thus giving the distinct edge from the risk management and scalability perspective. The focus of the product is to cater to all segments, which is the key driver of our economy.

Digital lending aids to provide instant loan disbursement, greater accessibility to credit, financial inclusion, hassle free and paperless borrowing to the consumers. In Sep 2022, RBI issued Digital Lending Guidelines with a comprehensive regulatory framework for digital loans to streamline Digital lending platforms and to address the grievance of Digital lending customers that lenders and other entities in the digital lending platform must adhere to. It aims at protecting the consumers by making it mandatory to disclose various terms of the loan to the borrowers through the key fact statements. These guidelines will help bring about greater transparency and ownership of regulated entities, helping lift customer confidence.

Organisations like Digital Lenders Association of India (DLAI) and FinTech Association for Consumer Empowerment (FACE) helps to integrate Fintech market players and monitors in adoption of industry best practices. Our Company has become an Associate member of FACE since December 2022.

### INDUSTRY OVERVIEW

NBFCs had steadily increased their market share till recent years, with AUM accounting for as much as 18% of the overall credit pie in March 2019, up from 12% in March 2008. The growth of neobanking platforms spurred by the need for on-demand and easier-to-access financial solutions by a young and increasingly digitally savvy demographic have eased availability and provided access to financial services to MSMEs and underbanked customers and areas. To fuel the next phase of FinTech growth, the Government of India is developing GIFT IFSC as the nerve centre of all FinTech activities.

The pandemic provided the opportunity for fintech companies to reach the underserved and provide cost-effective financial services at ease. According to Economic survey 2022-23, India took the lead with the fintech adoption rate of 87 percent, substantially higher than the world average of 64 percent as per the latest Global Fintech Adoption Index. India has gained the 3rd place in digital payments only after

## Annual Report 2022-2023

US and China, signifying that India has an untapped market. These untapped opportunities, along with the favourable ecosystem, creates a large growth potential for FinTechs in India. It also said Digitalising documents has also played a pivotal role in giving further impetus, as digital became the way of life for a while. Growth of digital adoption in India is reflected in the rise in the RBI digital penetration index from 100 in March 2018 to almost 350 in March 2022.

In digital lending, there is a lot of focus on data storing/sharing and usability issues across the globe. In addition, the credit underwriting models adopted by digital lenders have been constantly evolving and will need continual honing in the future as well, given the nature of the business. As financial institutions become more reliant on technology, cybersecurity and fraud prevention will become even more critical.

### KFSL – IN 360 DEGREE



KFSL is focused on happy and hassle-free financial assistance to the needy students with the aid of inhouse developed digital lending app Stucred and providing best of services to the student community across India.

### BUSINESS PERFORMANCE

#### Operational Review:

In a positive turn of events, the economic stability and growth provided in FY 2022-23 was extremely welcome as compared to FY 2021-22.

#### KFSL's Consolidated Performance Highlights, FY 2022-23

• Number of new loans booked: 20% higher compared to FY 2021-22
• Total income: increased by 124.23% to 961.76 Lakhs
• Total operating expenses (Opex): increased by 158% to 564.20 Lakhs.
• Profit before tax (PBT): Profit increased by 89% to 397.57 Lakhs.
• Profit after tax (PAT): Profit increased by 118% to 458.00 Lakhs.

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### Financial Review

The following table presents the Company's abridged financial position for the financial year 2022-23:

Particulars	2022-23 Rs. in Lakhs	2021-22 Rs. in Lakhs
Revenue from operations	943.30	382.33
Other income	18.46	46.57
Total revenue	961.76	428.90
<b>Expenses</b>		
Employee benefits	156.10	55.30
Finance costs	45.28	39.04
Depreciation and amortization expense	54.05	4.69
Other expenses	277.46	119.86
Total expenses	564.20	218.89
Profit before exceptional items and taxes	397.57	210.01
Exceptional items (net) - income / (expense)	-	-
Profit before tax	397.57	210.01
Tax Expenses	-	-
Deferred Taxes	(62.38)	(0.02)
Profit for the year	458.00	210.03

### KEY RATIOS

Particulars	2022-23	2021-22	Reason for Increase/Decrease
Current Ratio (%)	2.88	2.09	Ratio has increased mainly due to increase in loan disbursed.
Debt-Equity Ratio (%)	39.65	49.21	-
Debt Service Coverage Ratio (%)	56.54	36.44	Ratio has improved on due to improvement in performance of business.
Return on equity ratio (%)	29.79	34.67	-
Net profit ratio (%)	48.55	54.93	-
Return on capital employed ratio (%)	14.87	12.50	-
Return on investment (%) - Equity Instruments	61.32	-	Last year there were no transactions in Equity Instruments. Only realized gains are considered i.e Equity investment to the extent sold.

### SEGMENT WISE PERFORMANCE

The details with regard to segment wise performance of the Company are as mentioned below.

Particulars	(Rs. in Lakhs)			
	Commercial lending		Digital lending	
	2022-23	2021-22	2022-23	2021-22
Net sales/Income from Operations	81.40	192.88	880.36	236.01
Total Profit Before Tax	(24.30)	204.07	421.60	5.94
Total Segment Assets	801.52	1455.54	2291.77	609.78
Total Segment Liabilities	833.00	699.00	182.32	30.74

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KFSL's Digital lending division is witnessing sustainable growth as we continue to register increased adoption of our lending product. KFSL is also continuously expanding the lending business with more disbursements and greater user engagement across the country. The Digital lending business has witnessed growth in the disbursement as well as revenue with the help of technology development and dedicated team support.

### INTERNAL CONTROL SYSTEM AND ADEQUACY

KFSL constantly strives to improve its internal control systems and operational efficiencies to ensure that assets are safeguarded, and all transactions are authorized, recorded and correctly reported. The top management and the Audit Committee of the Board review the findings and recommend to the Board, improvement on the same and to enhance the quality of its portfolio still further. Realizing that the impact of internal risks could easily outweigh those of external risk the internal control at KFSL is a constantly evolving process.

The other significant internal control at KFSL comprises constant monitoring of operational expenditure with an endeavour to bring it down through better efficiencies rather than just focusing on curtailing the expenditure. The adequacy of internal controls and their execution are driven by an ethos of constantly endeavoring to improve.

### RISK MANAGEMENT

Our Company is exposed to various risks that are an inherent part of any financial service business. Traditionally, credit, operational and liquidity risks have always been seen as the top-tier risks. However, given the evolving landscape, risks around digital lending and information security would also form an integral aspect of risk management.

### RISK + CONCERN

High dependence on regulatory compliances

With the digital lending industry at a nascent stage, government organisations are playing catchup in terms of enforcing regulations for the better management of the industry. Therefore, there has been a history of ad-hoc changes in compliance without proper due time given to collect feedback from all stakeholders. Though we are extremely bullish over the long-term placement of our company in the industry, the volatility of government regulations and compliances may reflect in the revenues of StuCred.

### LOW FINANCIAL LITERACY

Financial literacy has a massive impact on every individual's life, yet the obvious importance of the topic has not translated to serious attempts at altering this reality. Individuals with low financial literacy face a conundrum in what they know vs what they should know. We combat this at StuCred by investing heavily in financial literacy for all visitors to our platform.

### MEASURES

The Company's risk management framework is well dimensioned and managed based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The Board of Directors has awareness on all risks assumed by the Company. These risks have the potential to impact on the financial strength, operations and reputation of our Company. Keeping this in mind, our Company has a Board approved Risk Management Framework in place.

With an initiative by the Central Government, the Ministry of Human Resource Development has established a great support system to systematically foster the culture of innovation amongst all Higher Education Institutions. KFSL has approached various educational institutions to host workshops on financial literacy and create financial awareness in young minds.

## Annual Report 2022-2023

Our Company is committed towards creating an environment of increased risk awareness at all levels. As a measure of growth, KFSL also aims at constantly upgrading the appropriate security measures, including cyber security measures, to ensure avoidance and mitigation of various risks and achieve an optimised balance of return.

### SWOT ANALYSIS

<b>STRENGTHS</b>	<ul style="list-style-type: none"><li>• Distinguished financial services provider, with local talent catering to students' community</li><li>• Vast distribution network with coverage of almost all the states in the Country</li><li>• Simplified and prompt loan request appraisals and speedy disbursements.</li><li>• Product innovation and superior delivery.</li><li>• Innovative resource mobilization techniques and prudent fund management practices.</li></ul>
<b>WEAKNESS</b>	<ul style="list-style-type: none"><li>• Regulatory restrictions – continuously evolving government regulations may impact operations.</li><li>• Uncertain economic and political environment.</li></ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"><li>• Demographic changes and under penetration.</li><li>• Large untapped rural and urban markets.</li><li>• Use of digital solutions for business/collections.</li></ul>
<b>THREATS</b>	<ul style="list-style-type: none"><li>• High cost of funds.</li><li>• Rising Non-Performing Assets (NPAs).</li><li>• Competition from other NBFCs and banks.</li></ul>

### CUSTOMER SERVICE

KFSL's Credit-lending processes marked a defining trend being fully digital during the pandemic. With an increased focus on providing its customers with a seamless experience, the Company is pushing the pedal on quicker loan application processes and swift disbursements. KFSL and its employees efficiently serviced its customers in spite of remote working.

KFSL has built a dedicated and friendly customer support system, with real-time support to ease the lending process and resolve the issues faced by the needy customers. The team also ensured timely collection and disbursement of loans. The front-end and back-end systems were strengthened to improve credit quality and minimize losses due to default.

### HUMAN RESOURCES:

KFSL believes that our people are our most important asset. We compete on the strength of our people, being united by our core values of pride, integrity, discipline and ambition.

As part of our strategy to surround ourselves with exceptional talent, we have promoted a "Step-Up" drive which aims to internally promote talent who are future ready and upskilled through our "Education, Exposure and Experience" principles.

Equality – We don't look at gender in hiring, but we hire the best candidate for that role. Incidentally, this is our gender diversity.

## Annual Report 2022-2023

Team size and structure- KFSL as a growing company in the Fintech industry, we are proud to be a lean team with dedicated and focused group of employees. Hiring may be easy but timing the hire has been a key difference.

### **STATUTORY COMPLIANCE:**

The Company ensures compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the SEBI Listing Regulations and the Regulations of RBI for Non-Banking Financial Companies (the 'NBFC Regulations'), as applicable to the Company.

### **CAPITAL AND LIABILITY MANAGEMENT**

*The Company in tandem with its philosophy of pursuing the mission of "Excellence through Endeavours" will strive their best to maximize the shareholders' value.*

KFSL works towards maximizing returns on capital employed through an efficient capital management strategy. It ensures that this strategy is within the guidelines laid down by the RBI from time to time and conforms to them. The Company constantly endeavours to enhance its capital management practices towards strengthening its balance sheet.

The Company by virtue of its performance over the years enjoys very good relationships with many leading banks and financial institutions. The Company could raise the required resources from various banks and financial institutions comfortably.

With its stringent internal systems and processes, the Company considers liability management as a priority. It is the cornerstone on which it has achieved strong performance in the past and created a good reputation for itself of reliability and rectitude. It constantly endeavours to leverage its strong reputation and fund management experience and expertise to deliver benefits for its clients and gains for its stakeholders.

### **CAUTIONARY STATEMENT**

This Report is based on the current situation, past experience and information available to the Company about its various businesses and assumptions regarding economic and industrial scenario, Governmental and other regulatory policies. The Performance of the Company is, to a great extent, dependent on these factors. The future performance may be materially influenced by the changes in any of these factors which are beyond the control of the Company and may affect the views expressed in or perceived from this Report. Therefore, the investors are requested to make their own independent judgments by taking into account all relevant factors before any investment decision.





**INDEPENDENT  
AUDITOR'S REPORT**

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## INDEPENDENT AUDITORS' REPORT

### To the Members of KREON FINANCIAL SERVICES LIMITED

#### Opinion

We have audited the accompanying standalone financial statements of **Kreon Financial Services Limited, Chennai**, which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2023; and its Profit, Total Comprehensive Income, the changes in Equity, and Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No	Key Audit Matter	Auditors' Response
1	Compliance and disclosure requirements under the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework.	<p>We have assessed the systems and processes laid down by the company to appropriately ensure compliance and disclosures as per the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework.</p> <p>We have designed and performed audit procedures to assess the completeness and correctness of the details disclosed having regard to the assumptions made by the management in relation to the applicability and extent of disclosure requirements; and have relied on internal</p>

Sl. No	Key Audit Matter	Auditors' Response
		<p>records of the company and external confirmations wherever necessary.</p> <p>We checked the stage classification as at the balance sheet date as per the definition of Default of the Company and Reserve Bank of India circulars issued from time to time.</p> <p>We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts;</p>
2	Completeness in identification, accounting and disclosure of related party transactions in accordance with the applicable laws and financial reporting framework.	We have assessed the systems and processes laid down by the company to appropriately identify, account and disclose all material related party transactions in accordance with applicable laws and financial reporting framework. We have designed and performed audit procedures in accordance with the guidelines laid down by ICAI in the Standard on Auditing (SA 550) to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose material related party transactions which includes obtaining necessary approvals at appropriate stages of such transactions as mandated by applicable laws and regulations.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's report, Management discussion and analysis and Report on corporate governance, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is no material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

## Annual Report 2022- 2023

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Annual Report 2022- 2023

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) A. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those;
  - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of accounts;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

## Annual Report 2022- 2023

- e) On the basis of written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- B. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations, if any, on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law and Accounting standards, for material foreseeable losses, if any, on long-term contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the investor’s education and protection fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The Company has not declared or paid any dividend during the year, hence compliance with provision of section 123 is not applicable for the year.
  - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 01 April 2023, reporting under this clause is not applicable.

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- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For Darpan & Associates**

**ICAI Firm Registration No.016156S**

**Chartered Accountants**

**Sd/-**

**CA Darpan Kumar**

**Partner**

**Membership No.235817**

**UDIN:23235817BGXQJM9461**

**Place: Chennai**

**Date: 19.05.2023**

**“Annexure A” to Independent Auditors’ Report**

**(Referred to in Paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the accounts of Kreon Financial Services Limited, (“the Company”), for the year ended March 31, 2023)**

- i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment (PPE).
  - (b) According to the information and explanations given to us, physical verification of PPE is being conducted in a phased manner by the management under a programme designed to cover all the PPE over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the PPE has been physically verified by the management during the year and no material discrepancies between the books records and the physical PPE have been noticed.
  - (c) There are no immovable properties in the name of the company.
  - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
  - (e) Based on the information and explanations furnished to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii)
  - (a) There are no inventories in the company during the year.
  - (b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets.
- iii)
  - (a) The Company is registered with Reserve Bank of India (RBI) under section 45-IA as a non-banking financial company, and its principal business is to give loans. Accordingly, the provisions of clause 3(iii)(a) of the Order are not applicable to the Company.
  - (b) Based on our examination and the information and explanations given to us, in respect of investments/ guarantees/ securities/ loans/ advances in nature of loan, in our opinion, the terms and conditions under which such loans were granted/ investments were made/ guarantees provided/ security provided are not prejudicial to the Company’s interest.
  - (c) In respect of the loans/ advances in nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of granting loans majorly to retail customers, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company’s business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. The Company has recognized provisions against the above loans, in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India (“RBI”) for Income Recognition and Asset Classification.



## Annual Report 2022- 2023

- (d) In respect of the loans/ advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2023 is Rs.567.00 Lakhs. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon.
  - (e) This Company is registered with the Reserve Bank of India (RBI) under section 45-IA as a non-banking financial company, and its principal business is to give loans. Accordingly, the provisions of clause 3(iii)(e) of the Order are not applicable to the Company.
  - (f) The loans/advances in nature of loans granted during the year, including to promoters/related parties had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.
- v) The Company has not accepted any deposits from public during the year hence the directives issued by RBI and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2015, are not applicable.
- vi) The Company is not required to maintain cost records pursuant to the Rules made by the Central Government for maintenance of Cost Records under sub-section (1) of section 148 of the Act.
- vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues were outstanding as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed dues of Goods and Services Tax, Sales Tax, Excise Duty, Customs Duty, Value Added Tax etc., which have not been deposited with the appropriate authorities on account of any dispute.
- viii) According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

## Annual Report 2022- 2023

- ix) (a) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, or dues to debenture holders.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and on overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associates or joint venture, hence sub-clauses (e) and (f) of para 3(ix) of the order are not applicable.
- x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has made preferential allotment of equity shares and warrants during the year. Based on the information and explanations given to us, the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.
- xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.
- xii) In our Opinion, the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore clause 3 (xii) of the Companies (Auditor's Report) Order is not applicable to the Company.

## Annual Report 2022- 2023

- xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures specified under Section 133 of the Act.
- xiv) (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.  
(b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Deposit Taking Non-Systemically Important NBFC. The company is NBFC - Others - Loan Company(LC).  
(b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.  
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- xvii) The Company has not incurred cash losses in the financial year. The company has not incurred cash losses in the immediately preceding financial year.
- xviii) There has been resignation of the statutory auditors during the year, and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

## **Annual Report 2022- 2023**

- xx) Reporting on CSR: Provisions of Section 135 Corporate Social Responsibility (CSR) are not applicable to the company. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.
- xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Darpan & Associates**  
**ICAI Firm Registration No.016156S**  
**Chartered Accountants**  
**Sd/-**  
**CA Darpan Kumar**  
**Partner**  
**Membership No. 235817**  
**UDIN: 23235817BGXQJM9461**

**Place: Chennai**  
**Date: 19.05.2023**

## Annual Report 2022- 2023

### **“ANNEXURE B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Kreon Financial Services Limited**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of M/s Kreon Financial Services Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## Annual Report 2022- 2023

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and jointly controlled companies, which are companies incorporated in India, as of that date.

**For Darpan & Associates**  
**ICAI Firm Registration No.016156S**  
**Chartered Accountants**  
**Sd/-**  
**CA Darpan Kumar**  
**Partner**  
**Membership No. 235817**  
**UDIN: 23235817BGXQJM9461**

**Place: Chennai**

**Date: 19.05.2023**



**FINANCIAL  
STATEMENTS**

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## Annual Report 2022-2023

Kreon Financial Services limited Balance sheet as at March 31, 2023 <i>(All amounts are in Indian Rupees, unless otherwise stated)</i>		CIN:L65921TN1994PLC029317  Rs in Lakhs	
	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	3	138.00	138.86
Bank Balance Other than Cash and Cash equivalents			
- Bank deposit with original maturity for more than three months		10.52	5.18
Loans	4	2,391.57	1,303.46
Investments	5	124.43	432.33
Other Financial assets	6	4.15	1.67
		2,668.67	1,881.50
<b>Non-financial Assets</b>			
Current Tax Assets (Net)	7	2.00	6.96
Deferred Tax Assets (Net)	8	60.97	-
Property, Plant and Equipment	9A	55.73	11.50
Intangible assets under development	9B	-	150.32
Other Intangible assets	9A	168.30	-
ROU Asset	10	122.68	-
Other non-financial assets	11	10.33	10.44
Non-Current Assets held for sale	12	4.60	4.60
		424.63	183.82
<b>TOTAL ASSETS</b>		<b>3,093.30</b>	<b>2,065.32</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
Payables			
(I) Other Payables	13		
Total outstanding dues of micro enterprises and small enterprises		2.24	1.01
Total outstanding dues of creditors other than micro enterprises and small enterprises		4.95	5.72
Borrowings (Other than Debt Securities)	14	825.54	657.19
Lease Liabilities		129.20	-
Other financial liabilities	15	26.06	17.23
		987.98	681.15
<b>Non-Financial Liabilities</b>			
Provisions	16	2.59	1.84
Deferred Tax Liabilities (Net)	8	-	38.02
Other non-financial liabilities	17	20.50	8.73
		23.09	48.59
<b>Equity</b>			
Equity Share capital	18	1,362.30	1,090.60
Other Equity	19	719.92	244.98
		2,082.22	1,335.58
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,093.30</b>	<b>2,065.32</b>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			
<b>For Darpan and Associates</b>		<b>For and on behalf of the Board of Directors of Kreon Financial Services Limited</b>	
<b>Chartered Accountants</b>			
ICAI Firm registration number: 016156S			
Sd/-		Sd/	Sd/-
<b>CA Darpan Kumar</b>		<b>Jaijash Tatia</b>	<b>Henna Jain</b>
<b>Partner</b>		<b>Wholetime Director</b>	<b>Director</b>
<b>Membership No.: 235817</b>		08085029	08383395
UDIN: 23235817BGXQJM9461			
Place: Chennai		Sd/-	Sd/-
Date: 19.05.2023		<b>Shoba Nahar</b>	<b>Vidyalakshmi R</b>
		<b>Chief Financial Officer</b>	<b>Company Secretary</b>



## Annual Report 2022-2023

Kreon Financial Services Limited		CIN:L65921TN1994PLC02931	
Profit and Loss Statement for the period ended 31st March, 2023			
(All amounts are in Indian Rupees, unless otherwise stated)			
Rs In Lakhs			
	Notes	As at March 31, 2023	As at March 31, 2022
<b>Revenue from operations</b>			
Interest Income	20	66.19	146.47
Dividend Income		0.08	0.06
Fees and commission Income	21	877.02	235.80
<b>I. Total Revenue from operations</b>		<b>943.30</b>	<b>382.33</b>
<b>II. Other Income</b>	22	<b>18.46</b>	<b>46.57</b>
<b>III. Total Income (I+II)</b>		<b>961.76</b>	<b>428.90</b>
<b>Expenses</b>			
Finance Costs	23	45.28	39.03
Impairment on financial instruments	24	31.30	2.01
Employee Benefits Expenses	25	156.10	55.30
Depreciation, amortization and impairment	26	54.05	4.70
Others expenses	27	277.46	117.86
<b>IV. Total Expenses</b>		<b>564.20</b>	<b>218.89</b>
<b>V. Profits / (Loss) before exceptional item and tax [III - IV]</b>		<b>397.57</b>	<b>210.01</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit/(loss) before tax (V -VI )</b>		<b>397.57</b>	<b>210.01</b>
<b>VIII. Tax expenses</b>	8		
Current tax		1.75	-
Earlier period tax adjustment		0.19	-
Deferred tax		(62.38)	(0.01)
<b>IX. Profit / (loss) for the period from continuing operations(VII-VIII)</b>		<b>458.00</b>	<b>210.02</b>
<b>X. Profit/(loss) from discontinuing operations</b>		-	-
<b>XI. Tax expense of discontinuing operations</b>		-	-
<b>XII. Profit/(loss) from Discontinuing operations (after tax) (X-XI)</b>		-	-
<b>X. Profit / (Loss) for the period (IX)</b>		<b>458.00</b>	<b>210.02</b>
<b>XI. Other Comprehensive Income</b>			
(A) (i) Items that will not be reclassified to profit or enterprises loss			
- Investment in Equity Instruments		(307.95)	324.87
- Defined Benefit Obligation - Actuarial Gains		0.86	1.98
(ii) Income tax relating to items that will not be reclassified to profit or loss		36.61	-29.88
Subtotal (A)		(270.48)	296.97
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
Other Comprehensive Income (A + B)		(270.48)	296.97
<b>XII. Total Comprehensive Income for the period (X+XI) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>		<b>187.52</b>	<b>506.99</b>
<b>XIII. Earnings per equity share (for continuing operations)</b>	28		
Basic (Rs.)		4.22	2.04
Diluted (Rs.)		2.62	1.93
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements. As per our report of even date			
<b>For Darpan and Associates</b> Chartered Accountants ICAI Firm registration number: 016156S  Sd/- <b>CA DarpanKumar</b> Partner Membership No.: 235817 UDIN:23235817 BGXQJM9461 Place: Chennai Date: 19.05.2023		<b>For and on behalf of the Board of Directors of Kreon Financial Services Limited</b>  Sd/- <b>Jaijash Tatia</b> Wholetime Director 08085029  Sd/- <b>Shoba Nahar</b> Chief Financial Officer  Sd/- <b>Henna Jain</b> Director 08383395  Sd/- <b>Vidyalakshmi R</b> Company Secretary	

## Annual Report 2022-2023

Cash Flow Statement for the year ended 31st March 2023		
(All amounts are in Indian Rupees, unless otherwise stated)	Rs in Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>A. Cash flow from operating activities</b>		
Net profit / (loss) before taxation	397.57	210.01
<i>Adjustments for:</i>		
Depreciation and amortisation	54.05	4.70
Actuarial Gains	0.86	1.98
Impairment on Financial Instruments	31.30	2.01
Loan Write Offs - Bad Debts	22.76	6.56
Gain from Sale of Investment	(8.91)	-
Interest received on Bank Deposits	(0.72)	-
Interest paid on Borrowings	45.21	31.24
Operating profit before working capital changes	542.12	256.49
<b>Change in Operating Assets and Liabilities</b>		
(Increase) / Decrease in loan Assets	(1,142.17)	(637.73)
(Increase) / Decrease in non-Financial Assets	0.11	0.06
(Increase) / Decrease in other Financial Assets	(2.48)	9.14
Increase / (Decrease) in trade payables and other payables	0.45	(13.87)
Increase / (Decrease) in other non-Financial liabilities	11.77	4.12
Increase / (Decrease) in other Financial liabilities	8.83	3.93
Increase / (Decrease) in other Provisions	0.75	-
Cash generated from operations	(580.62)	(377.86)
Direct taxes paid (Net of refunds)	(4.77)	-
<b>Net cash flow from / (used) in operating activities (A)</b>	<b>(575.86)</b>	<b>(377.86)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property plant and equipment	(63.65)	(4.64)
Payment towards intangible assets under development	(40.10)	(117.31)
Investments in bank deposits (having original maturity of more than three months)	(5.34)	-
Purchase of Investment - Equity Instruments	(14.53)	-
Sale of Investment - Equity Instruments	23.44	-
Redemption / maturity of bank deposits (having original maturity of more than three months)	-	-
Interest received on bank deposits	0.72	-
<b>Net cash flow from / (used) in investing activities (B)</b>	<b>(99.46)</b>	<b>(121.95)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from share warrants	559.13	498.75
Proceeds/(Repayment) from Borrowings (Net)	168.35	14.88
Payment of Lease Liabilities	(16.50)	-
Interest paid	(36.52)	(3.33)
<b>B. Cash flow from investing activities</b>		
<b>Net cash flow from / (used) in financing activities (C)</b>	<b>674.45</b>	<b>510.30</b>
<b>D. Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(0.86)</b>	<b>10.50</b>
<b>E. Cash and cash equivalents as at beginning of the year</b>	<b>138.85</b>	<b>128.35</b>
<b>F. Cash and cash equivalents as at the end of the year (D + E)</b>	<b>138.00</b>	<b>138.85</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(0.86)</b>	<b>10.50</b>
<b>Components of cash and cash equivalents as at March 31, 2023</b>		
<b>Balances with scheduled banks</b>		
- in current accounts	136.55	90.85
Wallets	1.35	-
Cash in Hand	0.10	48.01
<b>Total cash and cash equivalents (refer note no.3)</b>	<b>138.00</b>	<b>138.85</b>
Significant accounting policies	2.1	
The accompanying notes are an integral part of the financial statement		
<b>As per our report of even date</b>	<b>For and on behalf of the Board of Directors of</b>	
<b>For Darpan and Associates</b>	<b>Kreon Financial Services Limited</b>	
<b>Chartered Accountants</b>	Sd/-	Sd/-
<b>ICAI Firm registration number: 016156S</b>	<b>Jaijash Tatia</b>	<b>Henna Jain</b>
Sd/-	<b>Wholetime Director</b>	<b>Director</b>
<b>CA Darpan Kumar Partner</b>	08085029	08383395
<b>Membership No.: 235817</b>	Sd/-	Sd/-
<b>UDIN: 23235817BGXQJM9461</b>	<b>Shoba Nahar</b>	<b>Vidyalakshmi R</b>
<b>Place: Chennai Date:</b>	<b>Chief Financial Officer</b>	<b>Company Secretary</b>
<b>19.05.2023</b>		

**Statement of Change in Equity for the period ended 31st March 2023**
*(All amounts are in Indian Rupees, unless otherwise stated)*
**Rs. in Lakhs**
**Equity Share Capital:**

Balance at the beginning of the current reporting period (As at 31st March 2022)	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period (As at 31st March 2023)
1,090.60	-	1,090.60	271.70	1,362.30

**(ii) Previous reporting period**

Balance at the beginning of the current reporting period (As at 31st March 2021)	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period (As at 31st March 2022)
1,006.10	-	1,006.10	84.50	1,090.60

**Other Equity**
**(i) Current reporting period**

	Share applicati on money pending allotment	Reserves and Surplus						Other Comprehensive Income		Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of a foreign operation	Money received against share warrants	Total
		Capital Reserve	Securities Premium	Other Reserves				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income & Remeasurement gain/(loss) on defined benefit plan				
				Equity component of compound financial instruments	Revaluation Surplus	Retained Earnings	Statutory Reserves						
Balance at the beginning of the current reporting period	-	-	323.48	-	-	(947.20)	63.02	-	306.93	-	-	498.75	244.98

Total Comprehensive Income for the current year	-	-	-	-	-	458.00	-	-	(270.48)	-	-	-	187.52
Transfer to retained earning	-	-	-	-	-	(91.60)	91.60	-	-	-	-	-	-
Additions during the year	-	-	332.47	-	-	-	-	-	-	-	-	559.13	891.60
Equity Issued during the year	-	-	-	-	-	-	-	-	-	-	-	(604.17)	(604.17)
<b>Balance at the end of the current reporting period</b>	-	-	<b>655.95</b>	-	-	<b>(580.80)</b>	<b>154.62</b>	-	<b>36.45</b>	-	-	<b>453.71</b>	<b>719.92</b>

**(ii) Previous reporting period**

	Share application on money pending allotment	Reserves and Surplus						Other Comprehensive Income		Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of a foreign operation	Money received against share warrants	Total
		Capital Reserve	Securities Premium	Other Reserves				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income & Remeasurement gain/(loss) on defined benefit plan				
				Equity component of compound financial instruments	Revaluation Surplus	Retained Earnings	Statutory Reserves						
Balance at the beginning of the current reporting period	-	-	270.98	-	-	(1,115.22)	21.02	-	9.96	-	-	-	-813.26
Total Comprehensive Income for the current year	-	-	-	-	-	210.02	-	-	296.97	-	-	-	506.99

Transfer to retained earnings	-	-	-	-	-	(42.00)	42.00	-	-	-	-	-	-
Additions during the year	-	-	52.50	-	-	-	-	-	-	-	-	498.75	551.25
Balance at the end of the current reporting period	-	-	323.48	-	-	(947.20)	63.02	-	306.93	-	-	498.75	244.98

For Darpanand Associates

Chartered Accountants

ICAI Firm registration number: 016156S

Sd/-  
CA Darpan Kumar  
Partner  
Membership No.: 235817  
UDIN: 23235817BGXQJM9461

Sd/-  
Jaijash Tatia  
Director  
08085029

Sd/-  
Henna Jain  
Director  
08383395

Sd/-  
Shoba Nahar  
Chief Financial Officer

Sd/-  
Vidyalakshmi R  
Company Secretary

For and on behalf of the Board of Directors of

Kreon Financial Services limited

Place: Chennai

Date: 19.05.2023

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

(All amounts are in Indian Rupees, unless otherwise stated)

**1. CORPORATE INFORMATION**

"Kreon Financial Services Limited (the company) is a public company domiciled in India and incorporated under the provision of Companies Act, 1956 on 23rd November 1994. Its shares are listed on Bombay Stock Exchange ("BSE") in India. The Company is primarily engaged in the business of retail loan lending through its digital platform "StuCred". It also lends the money for other business purposes.

The Company is registered with the Reserve Bank of India (RBI) as Non-Deposit Taking NBFC and Classified as NBFC - Investment and Credit Company (NBFC- ICC) and Ministry of Corporate Affairs. The registration details are as follows:"

RBI	B-07-00023
Corporate Identity Number (CIN)	L65921TN1994PLC029317

"During the year, the Company changed its registered office from Old No. 12, New No.29, Mookathal Street, Pурсaiwalkam, Chennai - 600 007 to No. 26, 22nd Street, Rathinam Nagar, Thiruvanmiyur, Chennai - 600 041.

The financial statements of the Company for the year ended March 31, 2023 were approved for issue in accordance with the resolution of the Board of Directors on 19th May, 2023."

**2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

*Preparation:*

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under the Section 133 of the Companies Act, 2013 ('the Act'). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards and other relevant provisions of the Companies Act 2013, guidelines issued by the RBI as applicable to a NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year, except provided otherwise.

The financial statements are presented in Indian Rupees in Lakhs which is also the functional currency of the Company, and all values are rounded to the nearest lakhs, except when otherwise indicated."

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### *Presentation:*

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to Non-banking Finance Companies (NBFCs), as notified by the MCA. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows. The Company classifies its assets and liabilities as financial and non-financial and presents them in the order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only where Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis were permitted by Ind AS."

### *Use of Estimates and Judgements:*

The preparation of financial statements in conformity with Indian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods."

## **2.1 Summary of Significant Accounting policies**

### **a) Financial instruments:**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

### *1) Financial Assets:*

**Initial Measurement:** All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

**Subsequent measurement:** For the purpose of subsequent measurement, financial assets are classified into the following categories as per the Company's Board approved policy:

- a. Debt instruments at amortised cost
- b. Equity instruments designated under FVOCI

## Annual Report 2022-2023

### Debt instruments at amortised cost:

The Company measures its debt instruments at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the nature of portfolio, the period for which the interest rate is set and other factors which are integral to a lending arrangement.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios on the books of the Company, it may enter into immaterial and infrequent transactions to sell these portfolios to banks and/or asset reconstruction companies without affecting the business model of the Company. After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR)

### Equity Instruments designated under FVOCI:

All equity investments in scope of Ind AS 109 'Financial instruments' are measured at fair value. The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

Derecognition: The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- "• The right to receive cash flows from the asset has expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. "

Once the asset is derecognised, the Company does not have any continuing involvement in the same.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The Company on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of portfolios which doesn't affect the business model of the Company.



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### Impairment of Financial Assets:

#### General Approach

Expected credit losses ('ECL') are recognised for applicable financial assets held under amortised cost. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Lifetime ECLs is calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Non-Digital i.e. loans repayable on demand and Digital Loans i.e. Term loans.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

#### *Stage 1*

"All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. Though there is a rebuttable presumption that the credit risk on financial assets has increased significantly since initial recognition when contractual payments more than 30 days past due. However, the Company is confident as per historical performance that these dues are goods and fully receivable and accordingly classifies all standard advances and advances up to 180 days default under this category."

#### *Stage 2*

"All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. More than 180 Days Past Due but less than 720 days is considered as significant increase in credit risk. "

#### *Stage 3*

All exposures assessed as credit impaired once it becomes 720 days past due are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. As a matter of prudence, at this stage, the company writes off the whole exposure instead of providing for the same.

#### Measurement of ECL

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**"Probability of Default (PD)** - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

## Annual Report 2022-2023

A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The company has determined the POD for all stages as follows:

Stage 1 - 0.25%

Stage 2 - 10%

Stage 3 - 100%

**Exposure at Default (EAD)** - The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

**Loss Given Default (LGD)** - LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security, if any. It is usually expressed as a percentage of the EAD. Company considers 100% of the Exposure at default as Loss Given Default.

Simplified Approach in case of Trade Receivables and other financial assets:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and other financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables and other financial assets. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and other financial assets and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated for changes in the forward-looking estimates.

### II) Financial Liabilities

"Initial Measurement: All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, and other borrowings."

"Subsequent measurement: After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss."

Derecognition: The Company derecognises financial liability when the obligation under the liability is discharged, cancelled or expired.

### III) Offsetting of financial instruments:

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### IV) Fair Value Determination of financial instruments:

"On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures investment in equity instruments designated at OCI alone at fair value on each balance sheet date."

## Annual Report 2022-2023

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability." The principal or the most advantageous market must be accessible by the Company.

"The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest."

"A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use."

"In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:"

**"Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date."

**Level 2 financial instruments** - No Such Instruments.

**Level 3 financial instruments** - No Such Instruments.

### b) Revenue Recognition

#### Interest Income:

The Company recognises interest income using an effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments / receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Penal Charges or like on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

#### Fees and Commission Income:

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a five-step model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its

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performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

### Dividend Income:

Dividend income is recognised when the right to receive the payment is established.

### c) Property, Plant and Equipment

"Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, if any, consistent with the criteria specified in Ind AS 16 'Property, plant and equipment'. Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as 'Capital work-in-progress'.

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income/expenses in the Statement of Profit and Loss when the asset is derecognized."

### d) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a WDV basis using the rates arrived at, based on the useful lives estimated by the management/Useful life as per schedule II. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its property, plant and equipment.

Useful lives estimated by the management/Useful life as per schedule II	
Plant and Machineries	15 Years
Furniture and Fittings	10 Years
Vehicles	8 Years
Computer and Peripherals	3 Years
Leasehold improvements	The life based on lease period.

"The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### e) Intangible assets

Intangible assets, representing software, licenses etc. are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment, if any. The Company recognises internally generated intangible assets when it is certain that the future economic benefit attributable to the use of such intangible assets are probable to flow to the Company and the expenditure incurred for development of such intangible assets can be measured reliably. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company. The intangible assets including those internally generated are amortised using the straight-line

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method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in the Statement of Profit and Loss when the asset is derecognised.

### f) Leases

"The Company follows Ind AS 116 'Leases' for all long term and material lease contracts.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term."

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate at the transition date in case of leases existing as on the date of transition date and in case of leases entered after transition date, incremental borrowing rate as on the date of lease commencement date. In case of existing leases, the said date would be the date of transition. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term. The Company's lease asset class consist of leases for office premises.

### g) Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

### h) Finance Cost:

Borrowing costs on financial liabilities are recognised using the EIR.

i) **Foreign currency translation**

i. **Functional and presentational currency**

"The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates."

ii. **Transactional and Balances**

a) **Initial Recognition:**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

b) **Conversion:**

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the statement of profit and loss or Other Comprehensive Income as permitted under the relevant Ind AS.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition."

j) **Retirement and other employee benefits**

**Short term employee benefit:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short-term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service."

**Post-employment benefit:**

a) **Defined contribution schemes:**

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**b) Defined benefit schemes:**

The Company provides the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit ("PUC") Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

1. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

2. When receivables and payables are stated with the amount of tax included.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods."

**k) Taxes****Current Income Taxes:**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Income taxes:**

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. "

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

**Goods and Service Taxes:**

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

1. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
2. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.



### 1) Segment Reporting

The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India.

Segment wise Revenue, Results, Assets and Liabilities		
for the year ended 31st March 2023		
Rs.in Lakhs		
Particulars	Current year ended 31.03.2023	Previous year ended 31.03.2022
<b>1. Segment Revenue</b>		
(a) Commercial Lending Division	81.40	192.88
(b) Digital Lending Division –StuCred	880.36	236.01
<b>Net sales/Income From Operations</b>	<b>961.76</b>	<b>428.90</b>
<b>2. Segment Results (Profit)(+)/Loss(-) before tax from Each segment</b>		
(a) Commercial Lending Division	(24.03)	204.07
(b) Digital Lending Division –StuCred	421.60	5.94
<b>Total Profit Before Tax</b>	<b>397.57</b>	<b>210.01</b>
<b>3. Segment Assets</b>		
(a) Commercial Lending Division	3111.25	2509.08
(b) Digital Lending Division –StuCred	2291.77	609.78
(c) Inter Segment Assets	(2309.73)	(1053.55)
<b>Total Segment Assets</b>	<b>3093.30</b>	<b>2065.31</b>
<b>4. Segment Liabilities</b>		
(a) Commercial Lending Division	833.00	699.00
(b) Digital Lending Division –StuCred	2492.05	1084.28
(c) Inter Segment Liabilities	(2309.73)	(1053.55)
<b>Total Segment Liabilities</b>	<b>1015.32</b>	<b>729.73</b>

For management purposes, the Company has been organized into two business segments viz. Commercial Lending Division- non-digital lending arm of Kreon, and Digital Lending Division Catering to advancement of loans to students via StuCred platform. The company has adopted Segment reporting for its Commercial Lending and Digital Lending Division in line with Ind AS 108.

Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on an entity as whole basis and are not allocated to operating segments.

**m) Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**n) Provisions**

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

**o) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each Balance Sheet date.

**p) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**q) Cash Flow Statement**

Cash flows are reported under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are prepared for the operating, investing and financing activities of the Company.

Notes to the financial statements for the year ended March 31, 2023				
(All amounts are in Indian Rupees, unless otherwise stated)			Rs in Lakhs	
Note No.	Particulars	As at March, 2023	As at March, 2022	
<b>3</b>	<b>Cash and Cash Equivalents</b>			
	Cash on Hand	0.10	48.01	
	Balances with banks (of the nature of cash and cash equivalents)			
	- on current accounts	136.55	90.85	
	Wallets	1.35	-	
		<b>138.00</b>	<b>138.86</b>	
<b>4</b>	<b>Loans</b>			
		<b>At Amortized Cost</b>	<b>At Amortized Cost</b>	
	Loans repayable on Demand	363.83	730.42	
	Term Loans	2,067.24	581.24	
	Gross	2,431.07	1,311.66	
	Less: Impairment loss allowance	39.50	8.20	
	Net	<b>2,391.57</b>	<b>1,303.46</b>	
	Unsecured	2,431.07	1,311.66	
	Gross	2,431.07	1,311.66	
	Less: Impairment loss allowance	39.50	8.20	
	Net	<b>2,391.57</b>	<b>1,303.46</b>	
	Loans in India			
	- Individuals, Private and Public Companies	2,431.07	1,311.66	
	Gross	2,431.07	1,311.66	
	Less: Impairment loss allowance	39.50	8.20	
	Net	<b>2,391.57</b>	<b>1,303.46</b>	
<b>5</b>	<b>Investments</b>			
		<b>FV through OCI</b>	<b>FV through OCI</b>	
	Equity Instruments	124.43	432.33	
	Total	124.43	432.33	
	Investment in India	124.43	432.33	
	Investment outside India	-	-	
	Total	<b>124.43</b>	<b>432.33</b>	
	Less: Impairment loss allowance	-	-	
	Net	<b>124.43</b>	<b>432.33</b>	

Note No	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
<b>6</b>	<b>Other Financial Assets</b>		
	Rental Security Deposit	4.13	1.65
	Telephone Deposit	0.02	0.02
	<b>Total</b>	<b>4.15</b>	<b>1.67</b>
<b>7</b>	<b>Current Tax Assets (Net)</b>		
	Advance Income Tax net of provision of taxation	(1.75)	-
	Tax Deducted at Source	3.75	6.96
		<b>2.00</b>	<b>6.96</b>
<b>8</b>	<b>Income Tax</b>		
	Current Tax	1.75	-
	Adjustment in respect of current income tax of prior years	0.19	-
	Deferred tax relating to origination and reversal of temporary differences	(62.38)	(0.01)
	<b>Total tax charge</b>	<b>(60.44)</b>	<b>(0.01)</b>
<b>Reconciliation of the total tax charge:</b>			
<p>The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate.</p> <p>A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the financial years ended March 31, 2023 and March 31, 2022 is, as follows:</p>			
	Accounting profit before tax	458.00	210.02
	At India's statutory income tax rate of 25.168% (2022: 25.168%)	115.27	52.86
	Adjustment in respect of current income tax of prior years	(0.19)	-
	Income Subject to Tax at special rate (15%)	(1.34)	-
	Non-deductible expenses		
	Adjustment in respect of prior years*	0.19	-
	Others	(79.99)	(0.02)
	Tax Losses	(94.38)	(52.86)
		<b>(60.44)</b>	<b>(0.02)</b>

<i>Deferred Tax</i>				Rs in Lakhs	
<i>As at 31st March 2023</i>					
	Particulars	DTA	DTL	Statement of Profit and Loss	OCI
	Provision for post-retirement benefits	0.67	-	(0.41)	0.22
	Fair Valuation of Equity Instruments	-	4.59	-	(36.83)
	Property, plant and equipment and intangible assets- carrying amount other than on account of fair valuation	-	2.15	5.07	-
	Unused Tax losses	65.40	-	(65.40)	-
	Right-of-use assets	1.64	-	(1.64)	-
	<b>Total</b>	<b>67.71</b>	<b>6.74</b>	<b>(62.38)</b>	<b>(36.61)</b>
<i>As at 31st March 2022</i>					
	Particulars	DTA	DTL	Statement of Profit and Loss	OCI
	Provision for post-retirement benefits	0.48	-	(0.36)	(0.50)
	Fair Valuation of Equity Instruments	-	41.41	-	(29.38)
	Property, plant and equipment and intangible assets- carrying amount other than on account of fair valuation	2.91	-	0.35	-
	<b>Total</b>	<b>3.39</b>	<b>41.41</b>	<b>(0.01)</b>	<b>(29.88)</b>

Note 9A: Property, Plant and Equipment and Intangible Assets							
Rs in Lakhs							
	Lease hold improvements	Computer and Peripherals	Vehicles	Furniture & Fittings	Plant & Machineries	Intangible Assets [StuCred Application]	Total
<b>Gross block</b>							
At April 1, 2021	-	20.33	30.19	1.76	3.47	-	55.75
Additions	-	3.06	-	-	1.59	-	4.65
At March 31, 2022	-	23.39	30.19	1.76	5.06	-	60.40
Additions	8.46	8.13	-	37.66	9.39	190.42	254.07
At March 31, 2023	8.46	31.52	30.19	39.42	14.45	190.42	314.47
							-
<b>Depreciation/ Amortization</b>							
At April 1, 2021	-	18.15	23.90	0.86	1.29	-	44.20
Charge for the year	-	2.06	1.97	0.23	0.44	-	4.70
At March 31, 2022	-	20.21	25.87	1.09	1.73	-	48.90
Charge for the year	2.17	5.67	1.35	8.15	2.08	22.12	41.54
At March 31, 2023	2.17	25.88	27.22	9.24	3.80	22.12	90.43
							-
<b>Net Block</b>	6.30	5.64	2.97	30.18	10.65	168.30	224.03
At March 31, 2022	-	3.18	4.32	0.67	3.33	-	11.50
At March 31, 2023	6.30	5.64	2.97	30.18	10.65	168.30	224.03
<b>Impairment Loss</b>							
At April 1, 2021	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At March 31, 2022	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At March 31, 2023	-	-	-	-	-	-	-
<b>Net Block</b>	6.30	5.64	2.97	30.18	10.65	168.30	224.03
At March 31, 2022	-	3.18	4.32	0.67	3.33	-	11.50
At March 31, 2023	6.30	5.64	2.97	30.18	10.65	168.30	224.03

Note No. 9B: Intangible Assets Under Development				
A) For Capital-work-in progress:				
Rs in Lakhs				
Amount in CWIP for a period of Intangible assets under development	As at March 31, 2023		As at March 31, 2022	
	Projects in Progress	Projects temporarily suspended	Projects in Progress	Projects temporarily suspended
Less than 1	-	-	-	-
Year 1-2 Years	-	-	150.32	-
2-3 Years	-	-	-	-
More than 3 Years	-	-	-	-
				-
<b>Total</b>	-	-	<b>150.32</b>	-

Note No.	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
<b>10</b>	<b>Leases</b>		
	A) Where the Company is a lessee.		
	(i) Amount recognized in balance sheet		
	Right-of-use Assets:		
	OFFICE PREMISES:		
	Opening Balance	-	-
	- Additions	135.20	-
	- Depreciation charged during the year	12.52	-
	- Disposals	-	-
	Net Carrying Amount	<b>122.68</b>	-
	The Company has not revalued any of its Right-of-use assets during the years ended March 31, 2023. Hence, the amount of change in gross and net carrying amount due to revaluation and impairment losses/reversals is nil.		
	(ii) Amount recognized in statement of profit and loss		
	Depreciation charge of right-of-use assets (included in depreciation, amortisation and impairment)	12.52	-
	Interest expense (included in finance costs)	10.49	-
	Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	2.32	-
	(iii) Gains or losses arising from sale and leaseback transactions	-	-
	(iv) Total Cash outflow for leases during the year	<b>25.33</b>	-
	The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.		

Rs in Lakhs			
Note No	Particulars	As at March, 2023	As at March, 2022
<b>11</b>	<b>Other Non-Financial Assets</b>		
	Goods and services tax credit (input) receivable	0.45	0.66
	Advances to Vendors	2.28	2.37
	Rental Pre-Payments	7.61	-
	Income Tax (Refunds) receivable	-	7.41
		<b>10.33</b>	<b>10.44</b>
<b>12</b>	<b>Non-Current Assets held for sale</b>		
	Bullion - Held for Sale*	4.60	4.60
		<b>4.60</b>	<b>4.60</b>
	* Measured at lower of cost or fair value.		
<b>13</b>	<b>Payables</b>		
	Other Payables		
	Dues to Micro and Small Enterprises (also refer note no: 51)	2.24	1.01
	Total outstanding dues of creditors other than micro enterprises and small enterprises	4.95	5.72
		<b>7.18</b>	<b>6.73</b>

Ageing Schedule		(Rs. In Lakhs)			
Outstanding for following periods from due date of payment	Particulars as at March 31, 2023				
	Undisputed		Disputed		
	MSME	Others	MSME	Others	
Unbilled Dues	-	-	-	-	
Less than 1 Year			-	-	
1-2 Years	-	-	-	-	
2-3 Years	-	-	-	-	
More than 3 Years	-	-	-	-	
Not yet due	2.24	4.95	-	-	
<b>Total</b>	<b>2.24</b>	<b>4.95</b>	-	-	
Outstanding for following periods from due date of payment	Particulars as at March 31, 2022				
	Undisputed		Disputed		
	MSME	Others	MSME	Others	
Unbilled Dues	-	-	-	-	
Less than 1 Year	1.01	5.72	-	-	
1-2 Years	-	-	-	-	
2-3 Years	-	-	-	-	
More than 3 Years	-	-	-	-	
Not yet due	-	-	-	-	
<b>Total</b>	<b>1.01</b>	<b>5.72</b>	-	-	



14	Borrowings (Other than Debt Securities)	Rs in Lakhs			
		Particulars as at March 31, 2023			
		At Amortised Cost	At Fair Value through profit or loss	Designated at fair value through profit or loss	Total
	Loans from related parties (Unsecured)	825.54	-	-	825.54
	Total (A)	825.54	-	-	825.54
	Borrowings in India	825.54	-	-	825.54
	Borrowings outside India	-	-	-	-
	<b>Total (B) to tally with (A)</b>	<b>825.54</b>	<b>-</b>	<b>-</b>	<b>825.54</b>
		Particulars as at March 31, 2022			
		At Amortised Cost	At Fair Value Through profit or loss	Designated at fair value through profit or loss	Total
	Loans from related parties (Unsecured)	657.19	-	-	657.19
	Total (A)	657.19	-	-	657.19
	Borrowings in India	657.19	-	-	657.19
	Borrowings outside India	-	-	-	-
	<b>Total (B) to tally with (A)</b>	<b>657.19</b>	<b>-</b>	<b>-</b>	<b>657.19</b>

Note: Loan from related parties are for a tenor of one year and are renewable.

Note No.	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
<b>15</b>	<b>Other financial liabilities</b>		
	Salary Payable	14.64	12.16
	Audit Fee Payable	0.35	0.25
	Other Payables*	11.07	4.82
		<b>26.06</b>	<b>17.23</b>
	*Other payables include liability for other expenses and Credit Card Dues.		
<b>16</b>	<b>Provisions</b>		
	Provision for employee benefits - Gratuity (Refer note no: 31)	2.59	1.84
		<b>2.59</b>	<b>1.84</b>
<b>17</b>	<b>Other non-financial liabilities</b>		
	TDS Payable	5.44	3.64
	GST Payable	13.68	4.31
	EPF Payable	0.92	0.77
	ESI Payable	0.02	0.01
	Professional Tax Payable	0.40	-
	Other Payables	0.04	-
		<b>20.50</b>	<b>8.73</b>

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Note No.	Particulars	As at March, 2023	As at March, 2022
18	<b>Equity Share capital</b>		
	<b>(a) Authorized</b>		
	2,50,00,000(31 <sup>st</sup> March 2022) equity shares of `10/- each	2,500	2,500
	50,00,000 (31 <sup>st</sup> March 2022) Compulsory convertible preference shares (CCPS) of `10/- each	500	500
	<b>(b) Issued, Subscribed and fully paid up</b>		
	1,36,23,000 (31 <sup>st</sup> March 2022: 1,05,86,000) equity shares of `10/- each	1,362.30	1,058.60
	NIL (31 <sup>st</sup> March 2022: 3,20,000) CCPS of `10/- each	-	32.00
	<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,362.30</b>	<b>1,090.60</b>

<b>(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>				
<i>Equity shares</i>		<i>Rs in Lakhs</i>		
<i>Particulars</i>	<i>31-Mar-23</i>		<i>31-Mar-22</i>	
	<i>Number of shares</i>	<i>Amount</i>	<i>Number of shares</i>	<i>Amount</i>
At the beginning of the period				
Loan converted to Equity	1,05,86,000	1,058.60	1,00,61,000	1,006.10
Preference shares converted to Equity*	-	-	3,75,000	37.50
Warrants converted to Equity**	1,60,000	16.00	1,50,000	15.00
Outstanding at the end of the year	28,77,000	287.70	-	-
	1,36,23,000	1,362.30	1,05,86,000	1,058.60
<i>Preference Shares</i>		<i>Rs in Lakhs</i>		
<i>Particulars</i>	<i>31-Mar-23</i>		<i>31-Mar-22</i>	
	<i>Number of shares</i>	<i>Amount</i>	<i>Number of shares</i>	<i>Amount</i>
At the beginning of the period				
Issued during the period	3,20,000	32.00	-	-
Converted to equity during the year*	-	-	6,20,000	62.00
Outstanding at the end of the year	3,20,000	32.00	3,00,000	30.00
	-	-	3,20,000	32.00
* On February 07, 2023, the company allotted 1,60,000 equity shares of face value of Rs.10 each fully paid issued at a premium of Rs.10/- per equity share to M/s. Jinpaad Developers Private Limited upon conversion of 3,20,000 Preference Shares. The entire proceeds have been utilised for the objects of the preferential issue.				
** On March 28, 2023, the company allotted 28,77,000 equity shares of face value of Rs.10 each fully paid issued at a premium of Rs.11/- per equity share to the following warrant holders upon exercise of option of conversion of 28,77,000 warrants. The entire proceeds have been utilised for the objects of the preferential issue.				

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Name of the warrant holder	Category	No of warrants converted
Mr.Jaijash Tatia	Promoter	9,47,000
Ms.Henna Jain	Promoter	6,80,000
Mr.Ramesh Nahar	Non-Promoter	1,50,000
M/s B Rameshchand Nahar and Sons HUF	Non-Promoter	4,00,000
M/s Bhawarlal Rameshchand Sons HUF	Non-Promoter	2,00,000
Mrs.Nirmala Nahar	Non-Promoter	2,50,000
Mrs.Sapna Parekh	Non-Promoter	2,50,000
<b>Total</b>		<b>28,77,000</b>

(ii) Term / right attached to equity shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, is subject to the approval of the shareholders in the ensuing annual general meeting.

The company has not declared any dividend during the year.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Capital management for the Company's objectives, policies and processes for managing capital:

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits.

Gearing Ratio	31-Mar-23	31-Mar-22
Debt	825.54	657.19
Less: Cash and Cash Equivalents	138.00	138.86
Net Debt	687.54	518.33
Total Equity	2,082.22	1,335.58
Net Debt to Total Equity Ratio	0.33	0.39

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<b>(iv) Details of shareholders holding more than 5% shares in the company</b>				
Name of the Shareholder	31-Mar-23		31-Mar-22	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<i>Equity shares of `10 each fully paid</i>				
M/s Tatia Global Vennture Limited	19,50,000	14.31%	19,50,000	18.42%
Mr.Jaijash Tatia	19,45,300	14.28%	9,98,000	9.43%
M/s Subh Labh Infrastructure Private Limited	17,59,500	12.92%	17,59,500	16.62%
M/s Ashram Online.Com Ltd	9,52,700	6.99%	9,53,000	9.00%
Mr.Bharat Jain Tatia	5,50,219	4.04%	5,50,000	5.20%
As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.				
<b>(v) Details of Promoters holding in the company</b>				
Promoter Name	31-Mar-23			
	Number of shares	% holding in the class	% Change during the year	
<i>Equity shares of `10 each fully paid#</i>				
1. Mr. Jaijash Tatia	19,45,300	14.28	4.99	
2. Ms. Henna Jain	6,80,000	4.99	4.99	
3. M/s Tatia Global Vennture Limited	19,50,000	14.31	(3.83)	
4. M/s Ashram online.com Ltd	9,52,700	6.99	(1.87)	
5. Mr. Bharat Jain Tatia	5,50,219	4.04	(1.08)	
6. Mrs. Chandrakantha Tatia	5,04,850	3.71	(0.99)	
7. M/s Jinpaad Developers Private Limited	3,10,000	2.28	(0.61)	
8. Mr. Pannalal Tatia	100	0.00	0.00	
<i>CCPS of `10 each fully paid</i>				
1.M/s Jinpaad Developers Private Limited#	-	-	-	
Promoter Name	31-Mar-22			
	Number of shares	% holding in the class	% Change during the year	
<i>Equity shares of `10 each fully paid</i>				
1. Mr. Jaijash Tatia	9,98,300	9.43	3.23	
2. M/s Tatia Global Vennture Limited	19,50,000	18.42	(0.96)	
3. M/s Ashram online.com Ltd	9,52,700	9.00	(0.47)	
4.Mr. Bharat Jain Tatia	5,50,219	5.20	(0.27)	
5. Mrs.Chandrakantha Tatia	5,04,850	4.77	(0.25)	
6. M/s Jinpaad Developers Private Limited	1,50,000	1.42	1.42	
7. Mr. Pannalal Tatia	100	0.00	-	
<i>CCPS of `10 each fully paid</i>				
1. M/s Jinpaad Developers Private Limited	3,20,000	100.00	-	
# During the year, preference shares were converted into equity. (Refer note to Reconciliation of Equity Shares above)				

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Note No.	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
19	<b>Other Equity</b>		
	<b>Statutory reserve (Pursuant to Section 45-IC of The RBI Act,1934)</b>		
	Opening Balance	63.02	21.02
	Add: Transferred from Retained Earnings	91.60	42.00
	Closing Balance	<b>154.62</b>	<b>63.02</b>
	<b>Securities Premium</b>		
	Opening Balance	323.48	270.98
	Add: Premium on shares issued during the year	332.47	52.50
	Closing Balance	<b>655.95</b>	<b>323.48</b>
	<b>Convertible Warrants</b>		
	Opening Balance	498.75	-
	Add: Money Received during the year	559.13	498.75
	Less: Shares allotted during the year	(604.17)	-
	Closing Balance	<b>453.71</b>	<b>498.75</b>
	<b>Other Comprehensive Income</b>		
	Opening Balance	306.93	9.96
	Add: Additions during the year	(270.48)	296.97
	Closing Balance	<b>36.45</b>	<b>306.93</b>
	<b>Retained Earnings</b>		
	Opening Balance	(947.20)	(1,115.22)
	Add: Profits for the current year	458.00	210.01
	Add/Less: Appropriations		
	Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(91.60)	(42.00)
		<b>(580.80)</b>	<b>(947.21)</b>
	<b>Total</b>	<b>719.93</b>	<b>244.97</b>

<b>Nature and Purpose of Reserves:</b>	
<b>A) Statutory Reserves:</b>	<p>Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.</p> <p>The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45- IC(1) in The Reserve Bank of India Act, 1934:</p> <p>a) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.</p> <p>b) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:</p> <p>Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report</p> <p>c) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:</p> <p>Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.</p>
<b>B) Securities Premium:</b>	<p>The amount received in excess of face value of the equity shares is recognised in Securities premium. In case of equity-settled share-based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013</p>
<b>C) Retained Earnings:</b>	<p>Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.</p>
<b>D) Other Comprehensive Income:</b>	<p>Other comprehensive income comprises of Changes in actuarial gains on account of Defined Benefit obligations and Investment in Equity Instruments designated at FVOCI not reclassifiable to Profit and Loss Statement. On derecognition of Equity Instruments, company transfers the amount to Retained Earnings.</p>

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Note No.	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
<b>20</b>	<b>Interest Income</b>	<b>On financial assets measured at amortized Cost</b>	
	Interest on Loans	65.47	146.18
	Interest on deposits with bank	0.72	0.29
		<b>66.19</b>	<b>146.47</b>
<b>21</b>	<b>Fees and Commission Income</b>		
	Income from Application Usage Fee	741.22	202.25
	Income from Loan Related Fees	135.81	33.55
		<b>877.02</b>	<b>235.80</b>
	<u>Revenue from contract with customers</u>		
	Fees and Commission Income	877.02	235.80
	Timing of Revenue Recognition:		
	Services transferred at point in time	877.02	235.80
	Services transferred over time	-	-
<b>22</b>	<b>Other income</b>		
	Interest on Income Tax Refunds	0.83	0.41
	Net gain/loss on sale of investments	8.91	-
	Bad Debts Recovery	8.62	29.91
	Forfeited Amount	-	16.25
	Other Income	0.11	-
		<b>18.46</b>	<b>46.57</b>
<b>23</b>	<b>Finance Cost</b>		
	<u>On Financial liabilities measured at amortized cost</u>		
	Interest on Borrowings	34.72	27.91
	Interest on Lease Liabilities	10.49	-
	Collection Charges	-	7.79
	Other Finance Charges	0.07	3.33
		<b>45.28</b>	<b>39.03</b>
<b>24</b>	<b>Impairment on Financial Instruments</b>		
	<u>On Financial instruments measured at amortized cost</u>		
	Loans (NPA Provisioning)	31.30	2.01
	Investments	-	-
		<b>31.30</b>	<b>2.01</b>

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Note No.	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
<b>25</b>	<b>Employee benefits expense</b>		
	Salaries, wages and bonus (Including Director Remuneration)	147.46	51.41
	Contribution to provident and other funds	5.24	1.58
	Gratuity Expenses	1.61	1.44
	Staff-Welfare expenses	1.79	0.87
		<b>156.10</b>	<b>55.30</b>
<b>26</b>	<b>Depreciation and Amortization Expenses</b>		
	Depreciation of Property, Plant and Equipment's	19.42	4.70
	Amortization of Intangible Assets	22.12	-
	Depreciation of Right-Of-Use Assets (Refer note no: 10)	12.52	-
		<b>54.05</b>	<b>4.70</b>
<b>27</b>	<b>Other expenses</b>		
	Rent, Taxes and Energy Cost	4.56	5.50
	Loan Bad Debts (Write Offs)	22.76	6.56
	Repairs and Maintenance	3.00	2.27
	Communication Cost	0.97	0.68
	Printing and Stationery	3.00	1.17
	Business Promotion	69.45	52.86
	Director 's fees, allowances and expenses	0.28	0.36
	Payment to Auditors (Refer note A)	0.63	0.25
	Legal and Professional Fee	43.68	9.62
	Insurance	0.53	0.52
	Customer Care and Compliance Cost	39.59	12.90
	Listing and Other Filing Fee	7.61	18.57
	Postage and Courier	0.06	0.02
	Technology Expenses	56.18	4.81
	Travelling & Conveyance Expenses	1.66	0.34
	Association Fees	1.60	-
	Administrative Expenses	9.88	-
	Bank Charges	9.61	-
	Loan Collection Expenses	2.00	-
	Rates and Taxes	0.00	-
	Other Expenditure	0.41	1.43
		<b>277.46</b>	<b>117.86</b>
	<b>A. Payment to auditor:</b>		
	<u>As Auditor:</u>		
	Statutory audit	0.35	0.25
	<u>In other capacity:</u>		
	Other Services (Certifications)	0.28	-
	Reimbursement of expenses	-	-
		<b>0.63</b>	<b>0.25</b>



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Note No.	Particulars	Rs in Lakhs	
		As at March, 2023	As at March, 2022
<b>28</b>	<b>Earnings per share (EPS)</b>		
	Profits/(Loss) after Tax (A) - In Lakhs	458.00	210.02
	Weighted average number of equity shares in calculating basic EPS (B) - In Lakhs	108.52	105.86
	Weighted average number of equity shares in calculating diluted EPS (C) - In Lakhs	174.75	108.93
	Basic earnings per equity share (in Rupees) (FV of Rs. 10/- per share (A/B))	4.22	2.04
	Diluted earnings per equity share (in Rupees) (FV of Rs. 10/- per share) (A/C)	2.62	1.93
<b>29</b>	<b>Expenditure in foreign currency (accrual basis)</b>		
	Technology Cost including software subscriptions and Infrastructure Usage	17.27	10.50
		<b>17.27</b>	<b>10.50</b>
<b>30</b>	<b>Capitalization of expenditure</b>		
	During the year, the company has capitalized the following expenses of revenue nature to the cost of Intangible Assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.		
	Salary, Wages and Bonus	28.98	93.00
	Technology Cost including software subscriptions, Consultancy etc.,	11.13	24.31
		<b>40.10</b>	<b>117.31</b>
<b>31</b>	<b>Gratuity and other post-employment benefit plans</b>		
	Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows:		
<b>i.</b>	<b>Funded status of the plan</b>		
	Present value of unfunded obligations	2.59	1.84
	Present value of funded obligations	-	-
	Fair value of plan assets	-	-
	<b>Net Defined Benefit Liability/(Assets)</b>	<b>2.59</b>	<b>1.84</b>
<b>ii.</b>	<b>Profit and loss account for the period</b>		
	<u>Service cost:</u>		
	Current service cost	1.50	1.27
	Past service cost	-	-
	Loss/(gain) on curtailments and settlement	-	-
	Net interest cost	0.11	0.17
	<b>Total included in 'Employee Benefit Expenses/(Income)</b>	<b>1.61</b>	<b>1.44</b>
<b>iii.</b>	<b>Other Comprehensive Income for the period</b>		
	<u>Components of actuarial gain/losses on obligations:</u>		
	Due to Change in financial assumptions	(0.10)	(0.06)
	Due to change in demographic assumption	-	-
	Due to experience adjustments	(0.77)	(1.93)

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	Return on plan assets excluding amounts included in interest income	-	-
	<b>Amounts recognized in Other Comprehensive (Income) / Expense</b>	<b>(0.86)</b>	<b>(1.98)</b>
<b>iv.</b>	<b>Reconciliation of defined benefit obligation</b>		
	Opening Defined Benefit Obligation	1.84	2.39
	Transfer in/(out) obligation	-	-
	Current service cost	1.50	1.27
	Interest cost	0.11	0.17
	<u>Components of actuarial gain/losses on obligations:</u>		
	Due to Change in financial assumptions	(0.10)	(0.06)
	Due to change in demographic assumption	-	-
	Due to experience adjustments	(0.77)	(1.93)
	Past service cost	-	-
	<b>Closing Defined Benefit Obligation</b>	<b>2.59</b>	<b>1.84</b>
<b>v.</b>	<b>Reconciliation of Net Defined Benefit Liability/(Assets)</b>		
	Net opening provision in books of accounts	1.84	2.39
	Transfer in/(out) obligation	-	-
	Transfer (in)/out plan assets	-	-
	Employee Benefit Expense	1.61	1.44
	Amounts recognized in Other Comprehensive (Income) / Expense	(0.86)	(1.98)
		<b>2.59</b>	<b>1.84</b>
	Benefits paid by the Company	-	-
	Contributions to plan assets	-	-
	<b>Closing provision in books of accounts</b>	<b>2.59</b>	<b>1.84</b>

## 32. Related party disclosures

A) Names of related parties and related party relationship	
Relationship	Name of the Party
Key Management Personnel	Mr.Jaijash Tatia, WTD Mrs.Shoba Nahar, CFO Mrs.Vidyalakshmi, Compliance Officer & Company Secretary
Relative of Key Management Personnel*	Ms.Henna Jain, Relative of Jaijash Tatia Mr.Bharat Jain Tatia, Relative of Jaijash Tatia
Enterprises over which KMPs and their relatives can exercise significant Influence	M/s Jinpaad Developers Private Limited M/s Ashram Online.com Limited M/s Tatia Global Venntures Limited M/s Opti Products Private Limited
*Names of relatives of Key Management Personnel with whom the Company has transactions.	

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B) Balance at the year-end:								
Particulars	Enterprises over which KMPs and their relatives can exercise significant Influence		Relative of Key Managerial Personnel		Key Managerial Personnel		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Rs in Lakhs							
<b>Remuneration</b>								
- Mr. Jaijash Tatia	-	-	-	-	2.00	2.00	2.00	2.00
- Mrs. Shoba Nahar	-	-	-	-	0.15	0.15	0.15	0.15
- Mrs. Vidya Lakshmi R	-	-	-	-	0.44	0.44	0.44	0.44
<b>Loan Balance</b>								
- Mr. Jaijash Tatia	-	-	-	-	41.60	5.50	41.60	5.50
- M/s Ashram Online.com Ltd	157.32	138.60	-	-	-	-	157.32	138.60
- M/s Opti Products Private Ltd. (Outstanding to be converted to CCPS)	364.34	379.91	-	-	-	-	364.34	379.91
- M/s Tatia Global Venntures Ltd.	262.27	133.19	-	-	-	-	262.27	133.19
C) Transactions with Related parties during the year:								
Particulars	Enterprises over which KMPs and their relatives can exercise significant Influence		Relative of Key Managerial Personnel		Key Managerial Personnel		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Rs in Lakhs							
<b>Remuneration</b>								
- Mr. Jaijash Tatia	-	-	-	-	24.00	24.00	24.00	24.00
- Mrs. Shoba Nahar	-	-	-	-	1.80	1.80	1.80	1.80
- Mrs. Vidya Lakshmi R	-	-	-	-	5.30	5.30	5.30	5.30
<b>Rent</b>								
- Mr. Bharat Jain Tatia	-	-	1.75	3.00	-	-	1.75	3.00
<b>Loan Borrowings</b>								
- Mr. Jaijash Tatia	-	-	-	-	36.10	28.00	36.10	28.00
- M/s Ashram Online.com Ltd	67.00	68.90	-	-	-	-	67.00	68.90
- M/s Opti Products Private Ltd.	76.50	272.00	-	-	-	-	76.50	272.00
- M/s Tatia Global Venntures Ltd.	150.60	38.00	-	-	-	-	150.60	38.00
							-	-
<b>Loan Repayments</b>								
- Mr. Jaijash Tatia	-	-			-	101.63	-	101.63
- M/s Ashram Online.com Ltd	58.10	19.35			-	-	58.10	19.35
- M/s Opti Products Private Ltd.	88.25	260.25			-	-	88.25	260.25
- M/s Tatia Global Venntures Ltd.	42.00	83.00			-	-	42.00	83.00
- M/s Jinpaad Developers Pvt Ltd.	-	62.00			-	-	-	62.00

## Annual Report 2022-2023

Share Warrants Receipts									
- Mr.Jaijash Tatia			-		-	181.12	157.50	181.12	157.50
- Ms.Henna Jain			-	181.12	157.50	-	-	181.12	157.50
<b>Warrants conversion to Equity Shares</b>									
- Mr.Jaijash Tatia			-	-	-	198.87	-	198.87	-
- Ms.Henna Jain			-	142.80	-	-	-	142.80	-
<b>CCPS conversion to Equity Shares</b>									
-M/s Jinpaad Developers Pvt Ltd.	32.00		-	-	-	-	-	32.00	-
<b>Interest Expenses</b>									
- M/s Ashram Online.com Ltd	10.93		12.06	-	-	-	-	10.93	12.06
- M/s Opti Products Private Ltd.	1.04		4.23	-	-	-	-	1.04	4.23
- M/s Tatia Global Venntures Ltd.	22.76		11.62	-	-	-	-	22.76	11.62

### 33. Asset Classification as per RBI Norms:

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	For the Year Ended March 31, 2023				For the Year Ended March 31, 2022				Difference b/w Ind AS 109 provisions and IRAC norms
			Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRAC norms	
<b>Performing Assets</b>											
Standard Assets	Stage 1	2,087.95	5.22	2,082.73	5.22	-	1,261.18	3.15	1,258.03	3.15	-
<b>Non-Performing Assets (NPA)</b>											
a) Sub-Standard	Stage 2	342.71	34.27	308.44	34.27	-	50.50	5.05	45.45	5.05	-
b) Doubtful - upto 1 year (Unsecured)	Stage 3*	25.27	25.27	-	25.27	-	6.31	6.31	-	6.31	-
1 to 3 Years	Stage 3	-	-	-	-	-	-	-	-	-	-
More than 3 Years	Stage 3	-	-	-	-	-	-	-	-	-	-
Sub-Total for Doubtful		25.27	25.27	-	25.27	-	6.31	6.31	-	6.31	-
c) Loss Assets	Stage 3	-	-	-	-	-	-	-	-	-	-
Sub-Total for NPA		367.98	59.54	308.44	59.54	-	56.80	11.35	45.45	11.35	-
<b>Total</b>	<b>Stage 1</b>	<b>2,087.95</b>	<b>5.22</b>	<b>2,082.73</b>	<b>5.22</b>	<b>-</b>	<b>1,261.18</b>	<b>3.15</b>	<b>1,258.03</b>	<b>3.15</b>	<b>-</b>
	<b>Stage 2</b>	<b>342.71</b>	<b>34.27</b>	<b>308.44</b>	<b>34.27</b>	<b>-</b>	<b>50.50</b>	<b>5.05</b>	<b>45.45</b>	<b>5.05</b>	<b>-</b>
	<b>Stage 3</b>	<b>25.27</b>	<b>25.27</b>	<b>-</b>	<b>25.27</b>	<b>-</b>	<b>6.31</b>	<b>6.31</b>	<b>-</b>	<b>6.31</b>	<b>-</b>
* Recorded as Loan Bad Debts (Write offs) in Profit and Loss Statement. Hence, Gross Amount as per Ind AS in Balance Sheet will have a difference to that extent.											

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### 34. Contingent Liabilities and Commitment

Particulars	Rs. in Lakhs	
	March 31,2023	March 31, 2022
Forfeited Amounts	16.25	16.25
	<b>16.25</b>	<b>16.25</b>

\* During the year 2022, the company had forfeited outstanding amounts of Rs. 16.25 lakhs pertaining to advances received from certain parties more than 5 years back, owing to failure in fulfilment of further commitment by such parties. Such forfeited advance amounts are appropriately considered as income now. No amount would be due to such parties and no claim could be held good against the company in this regard.

However, in line with Ind AS 37, the company recognizes the said amount of Rs. 16.25 lakhs as a Contingent Liability. There are no other unexecuted capital contracts which are outstanding or remaining to be performed.

There are no pending commitments for the financial years ended March 31, 2023 and March 31, 2022.

### 35. Utilization of borrowings from Banks and Financial Institutions

The company doesn't have any borrowings from banks or financial institutions in the financial years ended March 31, 2023 and March 31, 2022.

### 36. Details of title deeds of Immovable Property not held in name of the Company: (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee)

The Company does not possess any immovable property whose title deeds are not held in the name of the Company during the financial year ended March 31, 2023 and March 31, 2022.

### 37. Details of loans and advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under companies act, 2013) either severally or jointly with any other person:

The Company hasn't granted any loans or advances to promoters, directors, KMPs and their related parties during the financial year ended March 31, 2023 and March 31, 2022.

### 38. Details of Benami Property Proceedings under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2023 and March 31, 2022.

### 39. Borrowings from Banks and Financial Institutions on the basis of Current Assets (Working Capital Funds)

The company doesn't have any borrowings from banks or financial institutions in the financial years ended March 31, 2023 and March 31, 2022.

### 40. Details of Wilful Defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2023 and March 31, 2022.

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### 41. Details of transactions with Stuck-Off Companies

The company doesn't have any transactions with struck off companies in the financial years ended March 31, 2023 and March 31, 2022

### 42. Details of Overdue of Charger Registration with Registrar of Companies

All charges or satisfaction, if required, are registered with ROC within the statutory period for the financial years ended March 31, 2023 and March 31, 2022. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

### 43. Compliance with number of layers of companies:

The Company has no subsidiaries for the financial years ended March 31, 2023 and March 31, 2022.

### 44. Details of undisclosed income under Income Tax Act, 1961 not recorded in books of accounts:

There are no transactions not recorded in the books of accounts.

### 45. Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31, 2023 and March 31, 2022.

### 46. Disclosure required under Sec 186(4) of the Companies Act 2013

The loan made, guarantee given or security provided in the ordinary course of business by a NBFC registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act.

### 47. Scheme of Arrangements

The company doesn't have any scheme of arrangements to disclose during the financial years ended March 31, 2023 and March 31, 2022.

### 48. Utilization of Borrowed funds and share premium:

The Company, as part of its normal business, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of the Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## Annual Report 2022-2023

### 49. Financial Ratios

Rs in Lakhs						
Ratios	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance (%)	Reason*
Current Ratio	2,529.57	879.28	2.88	2.09	37.60	Ratio has increased mainly due to increase in loan disbursed.
Debt-Equity Ratio	825.54	2,082.22	39.65	49.21	(19.43)	-
Debt Service Coverage Ratio	486.41	860.33	56.54	36.44	55.13	Ratio has improved on due to improvement in performance of business.
Return on equity ratio	458.00	1,537.21	29.79	34.67	(14.06)	-
Net profit ratio	458.00	943.30	48.55	54.93	(11.61)	-
Return on capital employed ratio	432.36	2,907.76	14.87	12.50	18.98	-
Return on investment - Equity Instruments	8.91	14.53	61.32	-	-	Last year there were no transactions in Equity Instruments. Only realised gains are considered i.e. Equity investment to the extent sold.
* Reasons are provided for variance more than 25%. Last year ratios are reworked and presented in line with current year for correct comparison.						

## Annual Report 2022-2023

### 50. Financial Risk Management:

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimize potential adverse effects and achieve greater predictability to earnings.

Borrowings, trade payables and other financial liabilities constitute the Company's primary financial liabilities and investment in shares, trade receivables, loans, cash and cash equivalents and other financial assets are the financial assets.

#### *Credit Risk:*

Credit risk refers to the risk of default on the loan receivables to the Company that may result in financial loss. The maximum exposure from unsecured loan receivables amounts to Rs.2431.07 Lakhs and Rs.1,311.66 lakhs as of March 31, 2023 and March 31, 2022 respectively.

Loans are advanced to Corporates and to individual business entities and to the student community. Credit risk is being managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to allow credit terms in the normal course of business. Generally, the loan tenor is for a period of one year and renewable based on the request of the borrower. In the case of loans offered to students through its "StuCred" App, the credit period is up to 90 days.

#### *Liquidity Risk:*

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk through cash credit limits and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows. The Company invests its surplus funds in bank fixed deposit which carry minimal mark to market risks.

#### *Market Risk:*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises two types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include borrowings, trade payables in foreign currency and investment in unquoted equity shares. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

#### *Currency Risk:*

The Company is not exposed to any significant currency risk. During the year under review, the company has bought/subscribed to software in foreign currency at the time of purchase/subscription.

#### *Sensitivity analysis:*

Since the company is not exposed to any currency risk, sensitivity analysis of foreign currency transactions is not applicable.

#### *Interest Rate Risk:*

The Company is not exposed to any interest rate risk. The company's fixed rate instruments are carried at amortized cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.



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### Equity Price Risk:

The company has investments in listed companies which are measured at FVTOCI. The valuation is dependent on market conditions.

### 51. Dues to MSME:

Management has determined that there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company as at March 31, 2023, and March 31, 2022. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.

### 52. Events after the reporting date:

There have been no events after the reporting date.

### 53. Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.

### 54. Round offs

The figures appearing in the financial statements has been rounded off to the nearest lakhs.

<p><b>For Darpan and Associates</b> Chartered Accountants ICAI Firm registration number: 016156S</p> <p>Sd/- CA Darpan Kumar Partner Membership No.: 235817 UDIN:23235817BGXQJM9461</p> <p>Date: 19.05.2023 Place: Chennai</p>	<p><b>For and on behalf of the Board of Directors of Kreon Financial Services limited</b></p>	
	<p>Sd/- Jaijash Tatia Director 08085029</p>	<p>Sd/- Henna Jain Director 08383395</p>
	<p>Sd/- Shoba Nahar Chief Financial Officer</p>	<p>Sd/- Vidyalakshmi R Company Secretary</p>

## KREON FINANCIAL SERVICES LIMITED

CIN: L65921TN1994PLC029317

Regd. Office: #26, 22nd Street, Rathinam Nagar,

Thiruvanmiyur, Chennai – 600041.

Telephone +91-44-42696634,

Website- [www.kreon.in](http://www.kreon.in) ; E-Mail: [info@kreon.in](mailto:info@kreon.in)

[investor.relations@kreon.in](mailto:investor.relations@kreon.in)

### NOTICE OF THE ANNUAL GENERAL MEETING

It is with immense pleasure to hereby give the Notice that the 29<sup>th</sup> Annual General Meeting of Kreon Financial Services Limited will be held on Friday, 28<sup>th</sup> July 2023 at 11:00 AM through Video Conferencing or Other Audio Video Means, which shall be deemed to be held at the Registered Office of the Company at #26, 22<sup>nd</sup> Street, Rathinam Nagar, Thiruvanmiyur, Chennai – 600041 to transact the following business:

#### ORDINARY BUSINESS

##### Item No.1 – Adoption of Audited Financial Statements for the year ended 31<sup>st</sup> March 2023

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

“**RESOLVED THAT** the audited financial statements including Balance Sheet of the Company as at March 31, 2023, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement for the year ended on that date together with all the notes annexed and the Directors’ and Auditors’ Reports thereon, placed before the meeting, be and are hereby considered and adopted.”

##### Item No.2 – Re-appointment of Ms. Henna Jain, Director

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Henna Jain (DIN # 08383395), who is liable to retire by rotation and being eligible, has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

##### Item No.3 – Appointment of Statutory Auditors

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

“**RESOLVED THAT** pursuant to Sections 139, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the audit committee and the Board of Directors of the Company, M/ s Darpan Associates, Chartered Accountants (Firm Registration No. 016156S) be and are hereby appointed as the Statutory Auditors of the Company for the term of five financial years 2023-28, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 34<sup>th</sup> AGM of the Company to be held in the year 2028, at such remuneration as may be agreed upon between the Board of Directors and Statutory Auditor.

**FURTHER RESOLVED THAT** the Board of Directors of the Company, (including its committees thereof), be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms or submission of documents with any authority or accepting any modifications to the clauses as required by such authorities, for the purpose of giving effect to this resolution and for matters connected therewith, or incidental thereto.”

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### SPECIAL BUSINESS

#### Item No.4: Approval of Related Party transactions

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

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval of members be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with the related parties on omnibus basis, within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations as mentioned herein below, upto 15 months and till the conclusion of the next Annual General Meeting, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm’s length basis and in the ordinary course of business of the Company.

Name of the Related Party	Nature of Relationship	Nature of transaction	Maximum Limit upto
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.10 Crores
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores
M/s. Ashram Online.com Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.7.5 Crores
M/s. Ashram Online.com Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.25 Crores
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores
Mr.Jaijash Tatia	KMP	Borrowing of loans	Rs.10 Crores

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### Item No.5 – To consider and approve the issuance of Non-Convertible Debentures, in one or more series/tranches pursuant to Section 42 of the Companies Act, 2013

To consider and if thought fit, to pass the following resolution as a **special resolution**:

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**“RESOLVED THAT** without prejudice to the borrowing power given by the Shareholders under Section 180(1)(c) of the Companies Act, 2013 to the Board/Committee of the Company, pursuant to the provisions of section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and rules made there under (including any statutory modifications, clarifications, exemptions or re-enactment thereof, from time to time), and subject to rules, regulations, guidelines, notifications and circulars, if any, issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 and the provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such applicable laws, rules, regulations, guidelines, consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee thereof which the Board may have constituted / reconstituted or hereinafter constitute / reconstitute to exercise its powers including the powers conferred by this Resolution) to offer, issue and allot, in one or more tranches secured or unsecured, redeemable, Non-Convertible Debentures (“Debentures”) including but not limited to Subordinated/ Senior, Rated/ Unrated, Listed/ Unlisted, Debentures, Bonds, and/or other debt securities, etc., on private placement basis, during the period of one year from the date of passing of the special resolution by the Members, for an amount not exceeding Rs. 50 Crores (Rupees Fifty Crores only) on such terms and conditions and at such times as may be decided by the Board to such person(s), including but not limited to one or more company(ies), bodies corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/ provident funds and individuals, as the case may be, or such other person(s) as the Board may decide, however, that the aggregate amount of funds to be raised by issue of Debentures and other debt securities etc. shall not exceed the overall amount of borrowing of Rs. 50 Crores (Rupees Fifty Crores only) as may be approved by the Members under the provisions of section 180 of the Act.

**RESOLVED FURTHER THAT** the Board of Directors be and is here by authorized to negotiate and finalize the terms with the lenders and to sign requisite documents as may be found necessary, execute, modify or amend the documents wherever necessary and do all such other acts, deeds, things and undertakings as may be necessary for giving effect to the above resolution.”

Place: Chennai  
Date: 03.07.2023

By Order Of The Board  
For Kreon Financial Services Limited  
Sd/-  
Vidyalakshmi R  
Company Secretary

## ANNEXURE TO THE NOTICE

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

#### Item No.3 – Appointment of Statutory Auditors

M/s Darpan & Associates, Chartered Accountants (Firm Registration No. 016156S) were appointed as Statutory Auditor's to fill casual vacancy caused by resignation of M/s J V Ramanujam & Co., Chartered Accountants, at the Board meeting dated 17<sup>th</sup> January 2023 and approved by the shareholders through Postal ballot E-voting process for which the resolution was deemed to be passed on 15<sup>th</sup> April 2023, till the conclusion of the ensuing Annual General meeting.

Considering the evaluation of the past performance, experience and expertise of M/s Darpan & Associates, Chartered Accountants and based on the recommendation of the audit committee, it is proposed to appoint M/s Darpan & Associates, Chartered Accountants (Firm Registration No. 016156S) as statutory auditors of the Company for a term of five consecutive years till the conclusion of the 34<sup>th</sup> AGM of the Company in terms of the aforesaid provisions.

M/s Darpan & Associates, Chartered Accountants (Firm Registration No. 016156S), are willing to be appointed as the Statutory Auditors of the Company for a period of 5 years until the conclusion of the 34<sup>th</sup> Annual General Meeting and has given their consent. The Board recommends their appointment at the ensuing Annual General Meeting. The Board of Directors has adopted the Auditors Report as issued by the Statutory Auditor. The reappointment is subject to the approval of the shareholders.

Besides the audit services, the Company would also obtain certifications from the statutory auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board of Directors in consultation with the audit committee.

The remuneration paid to M/s Darpan & Associates, for the financial year ending March 31, 2023 was Rs.40,000/- and the proposed remuneration to be paid to M/s Darpan & Associates for the financial year ending March 31, 2024, is Rs. 75000/- plus applicable taxes and reimbursement of out-of-pocket expenses, if any.

The Board of Directors and the Audit Committee shall approve revisions to the remuneration of the Statutory Auditors for the remaining part of the tenure. The Board of Directors, in consultation with the audit committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

M/s Darpan & Associates, Chartered Accountants, having Firm Registration No. 016156S, established in 2015, has expertise in Statutory Audit, Bank Audit, Tax Audit, Management Audit with partners having 9+ years of Experience in the Audit.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the proposed Resolution.

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### Item No. 4: Approval of Related Party Transactions

As per section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules 2014 (including any statutory modifications or enactments thereof), a Company, shall obtain prior approval of shareholders for entering into related party transactions exceeding 10% of turnover as per last audited financial statements of the Company.

The provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”) as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective April 1, 2022, mandates prior approval of Members by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of the business of the concerned company and at an arm’s length basis.

Further as per SEBI Regulations listed above, a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the listed entity as per its last audited financial statement.

In accordance with the statutory provisions mentioned above, and on the recommendation of the Audit Committee and the Board, the members approved the Related Party Transactions, in the previous Annual General meeting. The Company being a Non-banking Financial Company, considering the nature of transactions requiring omnibus approval, which is in the ordinary course of business and at arm’s length basis, in which the approved limits may or may not be utilized by the Company, the Board propose the below mentioned limits for approval of the shareholders upto 15 months and till the conclusion of the next Annual General Meeting.

All disclosures as required under the Companies Act, 2013 read with Companies (Meeting of Board and its power) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and circulars issued by SEBI from time to time are given below:

Name of the Related Party	Nature of Relationship	Nature of transaction	Maximum Limit upto
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.10 Crores
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores
M/s. Ashram Online.com Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.7.5 Crores
M/s. Ashram Online.com Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores

## Annual Report 2022-2023

M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.25 Crores
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores
Mr.Jaijash Tatia	KMP	Borrowing of loans	Rs.10 Crores

As per Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all material related party transactions shall require approval of the shareholders through ordinary resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not.

Further, as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014, where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussion on the subject matter of the resolution relating to such contract or arrangement.

Accordingly, all related parties of the Company, including the Directors or Key Managerial Personnel related to the abovementioned Companies shall not participate or vote on this resolution. The Board recommends this resolution set out in Item No.4 of this notice for approval of the Members to be passed as ordinary resolution.

Mr. Jaijash Tatia and Ms. Henna Jain, Directors and all promoters shall be deemed to be interested in the resolution. None of the other directors or Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested in the said resolution. Related parties shall not participate and/ or vote to approve this resolution.

### [Item No. 5: To consider and approve the issuance of Non-Convertible Debentures, in one or more series/tranches pursuant to Section 42 of the Companies Act, 2013](#)

The Board of Directors in order to broaden resources for business operations of the Company at their Board meeting held on 3<sup>rd</sup> July 2023, has decided to invite subscription for secured/unsecured Non-Convertible Debentures (NCDs), in one or more series /tranches on private placement basis, subject to approval of the shareholders.

The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the Board on the basis of interest rate/effective yield determined, based on market conditions prevailing at the time of the issue. Valuation of securities not applicable to NCDs. The material terms will be determined by the Board of Directors of the Company based on the provisions of Companies Act, 2013, the rules made thereunder and other applicable laws. The Board shall determine specific terms and conditions of the offer at the time of issuance of respective series/ tranche of NCDs.

The provisions of Section 42 of the Companies Act, 2013 read with Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, a Company shall not make private placement of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the members of the Company by a special resolution for each of the offers or invitations. However, pursuant to second proviso of said Rule 14(1) an offer or invitation for non-convertible debentures, the special resolution passed only once in a year is sufficient for all the offers or invitations for debentures during the year.

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Accordingly, without prejudice to the borrowing power given/to be given by the shareholders under Section 180 (1)(c) of the Companies Act, 2013, as per the provisions of Section 42 and 71 of the Companies Act, 2013 read with the relevant Rules made there under, as amended, and subject to other relevant rules, regulation, guidelines, and directions issued by Reserve Bank of India and Securities and Exchange Board of India, the approval of the Members is being sought by way of a Special Resolution, to enable the Company to offer or invite subscriptions for Non-Convertible Debentures on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No. 5, for an amount not exceeding Rs. 50 Crores (Rupees Fifty Crores only) on such terms and conditions and at such times as may be decided by the Board, within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Board of Directors recommends the Special Resolution set out in Item No. 5 of the accompanying notice for approval of the members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is /are concerned or interested, in any manner in the passing of proposed Resolution set out at Item No. 5 of the Notice, except to the extent of their shareholding in the Company, if any.



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### II. ADDITIONAL INFORMATION ON THE DIRECTOR RECOMMENDED FOR REAPPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Name of the Director	Ms.Henna Jain
Date of Birth	23/11/1994
DIN	08383395
Date of appointment	22/03/2019
Relationship with other directors	Relative of Mr.Jaijash Tatia (Whole Time Director)
Expertise in specific Function Area	Specializing in Operations and Marketing
Qualification	MA Economics and International Relations
Brief Profile	Ms. Henna Jain has completed MA (Hons) International Relations and Economics from University of St Andrews, Scotland. she has completed 3 advanced level online courses in Marketing, specialising in Social Media Marketing from Northwestern University, USA.
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board and name of listed entities from which the director has resigned in the past three years	NIL
Shareholding in the Company	6,80,000 shares at Face Value of Rs.10/- each 23,20,000 warrants convertible into equity shares at a value of Rs.21/- each

**NOTES:**

1. The Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, 2021 and December 28, 2022 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and 15th January 2021 read with Circular No. SEBI/ HO/CFD/POD-2/P/CIR/2023/4 dated 5<sup>th</sup> January 2023 have permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The proceedings of the Annual General Meeting (“AGM”) shall be deemed to be held at the Registered Office of the Company #26, 22<sup>nd</sup> Street, Rathinam Nagar, Thiruvanmiyur, Chennai – 600041, as the meeting shall be conducted from the said place.
3. Institutional/Corporate Members are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and cast their votes through e-voting. Institutional/Corporate Members are requested to send a scanned copy in pdf/jpg format of the Board Resolution/Power of Attorney / Authority Letter authorising its representatives to attend and vote at the AGM pursuant to Section 113 of the Act, E-mail at [investor.relations@kreon.in](mailto:investor.relations@kreon.in)
4. In case of any queries or issues regarding attending AGM through the link, you may contact Mr. Manish Shah on 9324659811 or write an email to [support@purvashare.com](mailto:support@purvashare.com)
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
8. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed hereto.
9. As the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto. As stated the meeting is deemed to be held at Registered Office of the Company.
10. Electronic copy of the Annual Report for 2022-23 is being sent to all the members whose email ID’s are registered with the RTA/Depository Participants for communication purposes. The copies of the Annual Report will also be made available on Company’s website at [www.kreon.in](http://www.kreon.in) and at the Registered Office of the company for

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inspection during normal business hours on working days and also on the website of the stock exchange where the shares of the Company have been listed viz., BSE Limited - [www.bseindia.com](http://www.bseindia.com).

11. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in respect of the Director seeking re- appointment at the AGM is furnished as an annexure to the Notice. The concerned Director has furnished consent/ declaration for his appointment as required under the Companies Act, 2013.
12. The Statutory Auditors M/s Darpan & Associates, Chartered Accountants, were appointed by the Board of Directors as the Statutory Auditors of the Company at their meeting held on 17<sup>th</sup> January 2023 to fill the casual vacancy caused by resignation of M/s J V Ramanujam & Co, Chartered Accountants and ratified by the shareholders through Postal Ballot eVoting process ended on 15<sup>th</sup> April 2023. Hence, the Board recommends their appointment for a further period of Five years from the forthcoming Annual General Meeting. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in respect of the Appointment of Auditors at the AGM is furnished in the Explanatory statement to the Notice.
13. Pursuant to section 91 of the Companies Act, 2013 read with Rule 10 of the Companies (Management and Administration) Rules, 2014 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 22.07.2023 to 28.07.2023 (both days inclusive) for the purpose of 29<sup>th</sup> AGM.
14. The Register of Directors and Key Managerial Personnel and their shareholdings maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the Members at the Registered Office. Members desirous of obtaining any information concerning the accounts of the Company are requested to address their queries to the Company Secretary at least 7 days in advance of the Meeting so that the information required can be readily made available at the Meeting.
15. Updating of Members' Details  
To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/their Depository Participants, in respect of shares held in physical/electronic mode, respectively. Our Registrar and Share Transfer Agents, M/s. PurvaSharegistry (India) Pvt. Ltd., has provided the facility of easy updating of Email id and phone numbers. We urge the shareholders to update the same by clicking the following link <https://www.purvashare.com/email-and-phone-updation/> to ensure any further communications in a timely, faster and easier manner. The shareholders are requested to co-operate and support and do the needful at the earliest. Members holding shares in physical/demat form are requested to submit these additional details to RTA in the prescribed form.
16. Members are requested to:
  - a) Intimate to our RTA M/s. PurvaSharegistry (India) Pvt. Ltd., Unit No. 9, Shiv Shakti Industrial Estate, J.R.Boricha Marg, Near LodhaExcelus, Lower Parel, Mumbai-400011, changes, if any, in their registered addresses, at an early date, in case of Shares held in physical form;
  - b) Intimate to the respective Depository Participant, changes, if any, in their registered addresses, mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s) at an early date, in case of Shares held in dematerialized form;
  - c) Quote their folio numbers/Client ID/DP ID in all correspondence; and
  - d) Consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
17. In line with the Ministry of Corporate Affairs ("MCA") Circulars, physical attendance of the Members to the EGM/AGM venue is not required and kindly note that company is exempted from sending physical copies of notice and annual report to shareholders for this year.

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### E-VOTING FACILITY

In compliance with Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended and the relevant MCA Circulars, the Company is pleased to provide facility of e-voting to enable its Members to cast their votes electronically in respect of the business to be transacted at the AGM on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com)

- i. The e-voting period commences from 25<sup>th</sup> July, 2023 (9.00 a.m. IST) and ends on 27<sup>th</sup> July, 2023, (5.00 p.m. IST). The e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be forthwith disabled by CDSL upon expiry of the aforesaid period. Once the vote on the resolution is cast by the Member, he/she shall not be allowed to change it subsequently.
- ii. The voting rights of the Members shall be in proportion of their shareholding to the total issued and paid-up equity share capital of the Company as on the Cut-off Date i.e 21st July, 2023.
- iii. Members holding shares either in physical form or dematerialized form, as on the Cut-off Date i.e., 21<sup>st</sup> July, 2023 (including those Members who may not receive this Notice of the Annual General Meeting due to non-registration of their email address with RTA or the DPs, as aforesaid) can cast their votes electronically, in respect of the resolution as set out in this Postal Ballot Notice only through the e-voting.

#### iv. Instructions to Members for e-voting are as under:

<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>The Easi / Easiest user will be able to see the eVoting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>If not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Users can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
<p>Individual Shareholders holding securities</p>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once</p>

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<p>in demat mode with NSDL</p>	<p>the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>d for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for eVoting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43. or call at toll free No. 1800 22 55 33.</p>

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Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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### Login method for e-Voting for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and voted on an earlier voting of any company, then your existing password is to be used.
- 6) If you are a first time user follow the steps given below:

For Members Holding Shares in Demat Form	For Members holding Shares in Physical Form
PAN*	Enter Your 10 Digit alpha – numeric *PAN issued by Income Tax Department (Applicable for both Demat Shareholders as well as Physical Shareholders)
DOB# (or)	Enter The Date of Birth as recorded in your Demat account or in the Company records for the said Demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your Demat Account or in the Company records for the said Demat account or Folio.

- (i) After entering these details appropriately, click on “SUBMIT” tab.
- (ii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach the ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on <Company Name> on which you choose to vote.
- (v) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (vi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (vii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

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- (ix) You can also take out a print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (x) If the Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

### Note for Non – Individual Shareholders and Custodians

- (i) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- (ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (iii) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- (iv) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- (v) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (vi) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investor.relations@kreon.in](mailto:investor.relations@kreon.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (vii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA at [support@purvashare.com](mailto:support@purvashare.com) with a copy to company mail id [investor.relations@kreon.in](mailto:investor.relations@kreon.in).
- ii. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to RTA at [support@purvashare.com](mailto:support@purvashare.com) with a copy to company mail id [investor.relations@kreon.in](mailto:investor.relations@kreon.in).
- iii. The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- ii. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investor.relations@kreon.in](mailto:investor.relations@kreon.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting

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mentioning their name, demat account number/folio number, email id, mobile number at [investor.relations@kreon.in](mailto:investor.relations@kreon.in). These queries will be replied to by the company suitably by email.

- iii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- i. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
- ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the EGM/AGM.
- v. The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to their share in the paid up equity share capital of the Company as on the cut- off date i.e., 21<sup>st</sup> July 2023.
- vi. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 29<sup>th</sup> AGM by email and holds shares as on the cut-off date i.e., 21<sup>st</sup> July 2023 may obtain the User ID and password by sending a request to the email address [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if you are already registered with CDSL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot Password" option available on [www.evotingindia.com](http://www.evotingindia.com).
- vii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
- viii. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM in the name of such first holder in the order of names.

### GENERAL INSTRUCTIONS

- i. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred/transmitted and transposed only in dematerialized form. In view of this and to eliminate all risks associated with the physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form by contacting their Depository Participants ("DPs").
- ii. Members are requested to register / update their email ID's and addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agent (RTA). Members holding shares in physical form, are requested to dematerialize their shares to avail the benefits of electronic trading/holding and to facilitate share transfer.
- iii. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore,



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requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or to the Company's Registrar and Share Transfer Agent.

- iv. M/s. Purva Shareregistry (India) Pvt. Ltd., Unit No. 9, Shiv Shakti Industrial Estate, J.R.Boricha Marg, Near Lodha Excelus, Lower Parel, Mumbai-400011 is the Company's Registrar and Share Transfer Agent (RTA) for physical transfer of shares and all correspondence may be addressed directly to them. In respect of shares held in dematerialized form, Members may send requests or correspond through their respective Depository Participants.
- v. Members who have multiple folios in identical names in the same order are requested to send all the Share Certificates either to the Company addressed to the Registered Office or to the Company's Registrar and Share Transfer Agent for consolidation of such folios into one to facilitate better services.
- vi. Members may please note that SEBI vide its Circular No. SEBI/ HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4 for the above-mentioned requests and surrender their original securities certificate(s) for processing of service requests to the RTA. The RTA shall thereafter issue a 'Letter of confirmation' in lieu of physical securities certificate(s), to the securities holder/claimant within 30 days of its receipt of such request after removing objections, if any. The 'Letter of Confirmation' shall be valid for a period of 120 days from the date of its issuance, within which the securities holder/claimant shall make a request to the DP for dematerialising the said securities. Form ISR-4 is available on the website of RTA. It may be noted that any service request can be processed only after the folio is KYC Compliant. In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.
- vii. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form SH-14. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the Company's registrars Purva Shareregistry India Private Limited at support@purvashare.com in case the shares are held in physical form, quoting their folio no.

**THE COMPANY HAS APPOINTED M/S. LAKSHMMI SUBRAMANIAN & ASSOCIATES, PRACTICING COMPANY SECRETARY, CHENNAI, TO ACT AS SCRUTINIZER FOR CONDUCTING THE ELECTRONIC VOTING PROCESS IN A FAIR AND TRANSPARENT MANNER.**

The scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Annual General Meeting, thereafter unblock the votes cast through e-voting in the presence of two witnesses not in the employment of the Company and make, not later than two working days from the conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, and submit it to the Chairman or a person authorized by him in writing who shall counter-sign the same.

Thereafter, the Chairman or the person authorized by him in writing shall declare the result of the voting forthwith.

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The results declared along with the scrutinizer's report will be placed on the Company's website [www.kreon.in](http://www.kreon.in) and the results shall also be communicated to the BSE Limited, where the shares of the Company are listed.

By Order Of The Board  
For Kreon Financial Services Limited  
Sd/-  
Vidyalakshmi R  
Company Secretary

Place : Chennai  
Date : 03.07.2023

## ANNUAL GENERAL MEETING INFORMATION AT A GLANCE

<b>29<sup>th</sup> ANNUAL GENERAL MEETING</b>	
<b>Day &amp; Date</b>	<b>28<sup>th</sup> July 2023</b>
<b>Time</b>	<b>11.00 A.M</b>
<b>Venue</b>	<b>Through Video Conferencing or Other Audio-Visual Means</b> from the Registered Office of the Company #26, 22 <sup>nd</sup> Street, Rathinam Nagar, Thiruvanmiyur, Chennai – 600041
<b>Financial year</b>	<b>2022-23</b>
Listed on Stock Exchange	BSE Limited (BSE); Scrip Code : 530139
International Securities Identification Number (ISIN)	INE302C01018
<b>Date of Book Closure</b>	<b>22.07.2023 to 28.07.2023 (Both days inclusive)</b>
<b>Cut-off date for determining eligibility for E-voting</b>	<b>21.07.2023</b>
<b>Voting Start Date &amp; Time</b>	<b>25.07.2023 (Tuesday)</b>
<b>Voting End Date &amp; Time</b>	<b>27.07.2023 (Thursday)</b>
<b>E-voting website</b>	<a href="http://www.evotingindia.com">www.evotingindia.com</a>
Name, address and contact details of e-voting service provider and Registrar and Transfer Agent	Mr.Manish Shah 9324659811 M/s. PurvaSharegistry (India) Pvt. Ltd., Unit No. 9, Shiv Shakti Industrial Estate, J.R.Boricha Marg, Near Lodha Excelus, Lower Parel, Mumbai-400011 <a href="mailto:support@purvashare.com">support@purvashare.com</a>

# PATH TO SUCCESS IS INFINITE



- A FEW STEPS
- A FEW STEPS
- FORWARD.....
- FORWARD.....

THE ROAD TO SUCCESS IS ALWAYS  
UNDER CONSTRUCTION  
CONSTRUCTION

