

25.08.2022

The Bombay Stock Exchange Limited  
Listing /Corporate Listing Department  
Floor No. 25, P.J.Towers,  
Dalal Street,  
Mumbai-400001.

Dear Sir/Madam,

**SUB: CORRIGENDUM TO THE ANNUAL REPORT FOR FY 2021-22**

**Scrip Code-530139**

This is in furtherance to our letter dated 6<sup>th</sup> August 2022 wherein the Company had submitted its Annual Report for FY 2021-22 along with the Notice of the 28<sup>th</sup> Annual General Meeting ("AGM") through video conferencing or other Audio-Visual Means.

This is to inform you that certain inadvertent errors were noticed in the Annual Report FY 2021-22 after the same was dispatched on 6<sup>th</sup> August, 2022 through email. In this regard, please note the following corrections made in the Annual Report FY 2021-22:

**1. In Page 66, in the Independent Auditors Report, the Points 1 & 2 under Report on other legal and regulatory requirement are renumbered and the sub clauses (iv) and (v) as below added after sub clause (iii) of clause g**

- 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.

2. **In Page 69, Annexure A to Independent Auditors Report sub clause c) of Clause (xi) to be read as**  
(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 whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.
3. **In Page 69, Annexure A to Independent Auditors Report Clause (xvii) to be read as**  
(xvii) The Company has not incurred cash losses in the financial year. The company has incurred cash losses of Rs.45.92 Lakhs in the immediately preceding financial year.
4. **In Page 72, Table 3 of Liabilities side, the Details on Equity to be read as Shareholders' Funds as below:**

	Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
(3)	<b>Shareholders' Funds</b>			
(a)	Share capital	14	1,090.60	1,006.10
(b)	Other Equity (Refer statement on Changes to Equity)		(253.77)	(813.27)
(c)	Money Received against Warrants		498.75	-

The contents of the Annual Report except as modified as above, shall remain unchanged and that this corrigendum should be read in conjunction with the Annual Report 2021-2022.

We are enclosing herewith the Annual Report for FY 2021-22 after incorporation of the above changes and the same is also available on the website of the Company at [www.kreon.in](http://www.kreon.in).

You are requested to take the above on your records.

Thanking You,

Yours Faithfully,

For **Kreon Financial Services Limited**

**Vidyalakshmi R**

**Company Secretary and Compliance Officer**

# Annual Report

2021-2022



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## COMPANY SNAPSHOT

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Kreon Financial Services Limited (KFSL) is a Non- Banking Finance Company and with 27 years of existence in the financial market.

Your Company has emerged into a state-of-the-art Fintech Company with the support of digital technology and years of experience in the financial market. This helped to develop a pan India market for the financial services provided and has ensured a wide geographical coverage with customers from various states in the Country.

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.

KFSL follows the dictum of extending credit where it is due. Being a company in the business of lending, it ensures that it manages risks effectively, rather than avoiding them. As these risks could emerge from within the Company, due to its operations and strategy, or from external factors, the Company has in place tried and tested risk mitigation policies and structures, such as robust credit models and operational systems, to successfully manage these risks.

The process of receivables management is inherently exposed to various risks. To avoid or minimise these risks, debtors are under the Company's surveillance and regular and constant follow-ups for collection are executed. Further, to mitigate the risk of volatile interest rates, KFSL maintains sufficient spreads, offers relatively short tenure loans and resets lending rates from time to time.

The Company has a diversified portfolio of borrowers within its segments of operation. Diversity applied to a very large market size, serves as a very potent protection against market risks that could occur due to various macro developments. However, the Company is constantly alert to changes in the market space and takes pre-emptive action, from time to time, to ensure that these changes do not impact the operations of the Company.

### OUTLOOK

Despite Covid-19 pandemic, the Digital payment market has continued to grow multi-fold with advancements in technology and subsequent facilities required to avail necessities at our doorsteps. The customer base of StuCred, had shown a rapid increase within six months in the current financial year which is more than 100% of the growth in the previous financial year.

Also the financial performance of the Company has achieved 100% revenue in first six months of the current financial year compared to the revenue during this period in the previous financial year. The StuCred app being user friendly has gained a wider reach in the digital market stimulating the financial performance of the Company.

There is a very huge and potential 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.

The country's demographics and stage of growth suggest that there is a vast unfulfilled demand in finance spaces. Sectors have been financially under-served or, in some ways completely neglected by the formal financial sector. As a result, their development has been stymied. The situation is fast changing as NBFCs, private banks and private equity have begun to flow into the sectors to tap the vast potential that they offer. They have begun to approach their target customers with innovative and customised lending products. Using data, information and technology, they are also able to overcome issues of the past – such as proof of creditworthiness - that presented hurdles in the past.

The Government and RBI are also making efforts to institute policy reforms that will facilitate leading to these segments, companies that garnered expertise through years of experience will always enjoy a competitive advantage. Implementation of policies and reforms by the Government would help sector grow at faster phase.

*“Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful.”*

*– Albert Schweitzer*

*“Longevity is about being able to reinvent yourself”*

*– Sathya Nadella*

## 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

Old no.12, New No. 29, Mookathal Street,  
Purusawalkkam, Chennai-600007  
CIN #: L65921TN1994PLC029317  
Contact: 044-42138704  
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  
Old no.12, New No. 29, Mookathal Street,  
Purusawalkkam, Chennai-600007  
CIN #: L65921TN1994PLC029317  
Contact: 044-42138704  
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

### Branch office Address

StuCred Office, #26, 22nd Street,  
Rathinam Nagar, Thiruvannamiyur,  
Chennai – 600041.  
Contact No.: 044-42696634

### 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

### Internal Auditor

M/s. R. Baskaran & Co , Chartered Accountants  
28 Chamiers Road, 3<sup>rd</sup> Floor, Sai Muthu Siva  
Apartments, Nandanam, Chennai 600035

### Secretarial Auditor

M/s. Lakshmmi Subramanian & Associates  
“Murugesanaicker Office Complex”, No.81,  
Greens Road, Chennai-600006

### Listed on Stock Exchange

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

## KREON FINANCIAL SERVICES LIMITED

CIN: L65921TN1994PLC029317

Regd. Office: Old No. 12, New No. 29, Mookathal Street,  
Purasawalkkam, Chennai-600007.

Telephone +91 44 4213 8704,

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

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of Kreon Financial Services Limited will be held on Tuesday, 30<sup>th</sup> August, 2022 at 11:00 AM through Video Conferencing or Other Audio Video Means to transact the following business:

The proceedings of the Annual General Meeting ("AGM") shall be deemed to be conducted at the Registered Office of the Company at Old No.12, New No.29, Mookathal Street, Purasawalkkam, Chennai-600007 which shall be the deemed venue of the AGM.

### ORDINARY BUSINESS

#### Item No.1 – Adoption of Audited Financial Statements for the year ended 31<sup>st</sup> March 2022

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, 2022, 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 Mr.Jaijash Tatia 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. Jaijash Tatia (DIN # 08085029), who is liable to retire by rotation and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

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

To consider and if thought fit, to pass with or without modification(s), 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 J. V. Ramanujam & Co, Chartered Accountants (Firm Registration No. 02947S) be and are hereby reappointed as the Statutory Auditors of the Company for the second term of five consecutive years, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 33<sup>rd</sup> AGM of the Company to be held in the year 2027, at such remuneration as may be agreed upon between the Board of Directors and Statutory Auditor.

**RESOLVED FURTHER 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."



## **SPECIAL BUSINESS**

### **Item No. 4: Reappointment and payment of Remuneration of Mr.Jaijash Tatia as Whole Time Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 188, 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the rules framed thereunder and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and such other provisions as may be applicable, approval of the members of the Company be and is hereby accorded for reappointment of Mr.Jaijash Tatia (DIN #08085029) as Whole Time Director of the Company, effective 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2026 on payment of remuneration comprised of salary not exceeding Rs. 60 Lakhs (Rs. Sixty Lakhs) per annum and other benefits (Contribution to provident fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961(43 of 1961)).

**RESOLVED FURTHER THAT** the consent of the members be and is hereby accorded for payment of remuneration with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr.Jaijash Tatia, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Jaijash Tatia as proposed, i.e. 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2026, the present remuneration as proposed shall be deemed to be as minimum remuneration in compliance to the limit as laid down in Section II Part II of Schedule V of the Companies Act 2013 and present approval along with details as provide in explanatory statement and attachment to the notice shall be deemed to be compliance of the conditions laid down in Section II Part II of Schedule V of the Companies Act 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

### **Item No.5 Alteration of object clause of Memorandum of Association**

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

“RESOLVED THAT pursuant to Section 4,13 and all other applicable provisions, if any, of the Companies Act, 2013, and subject to necessary approvals if any, from the competent authorities, the Object clause of the Memorandum of Association of the Company be and is hereby altered as given below:

(i) The present Main Objects Clause III A be and is hereby altered by insertion of the following new clauses below the existing clause 4 as under:

5. To carry on the business of a non-banking finance company in all its branches subject to approval of the Reserve Bank of India, as may be necessary under the Reserve Bank of India Act, 1934 as amended from time to time.to carry business of finance (not amounting to banking business), micro finance by granting loans. advances, trade credits. other credit facilities, guarantees, financing hire purchase, leasing requirement or through any other means to any Individual, firm, association of persons, bodies corporate, industrial undertakings with or without security and with or without interest on mortgage, pledge, hypothecation, lease, hire purchase or otherwise or as sight loan and by way of direct financing, purchasing or discounting of cheques and bills and other negotiable and transferable documents on such terms as may be expedient to perform on such functions falling within the description of mercantile business other than banking as defined in the Banking Regulation Act 1949. including finance through online medium, digital platforms, website, mobile phone applications, software or otherwise.
6. (a)To issue, sell, market & design various payment products such as credit cards, charge cards, debit cards, stored value cards, smart card, value added cards, EMI cards, E-Wallet and other such payment instruments

by whatsoever name and/or structure called and carry on activities such as entering into agreement with various entities for promoting / marketing initiative of their products, to utilize the branch infrastructure by sub-letting for placing products for display, to leverage the database of customers, to organize and participate in the business promotion of events, distributing financial products through online common platform and to carry out any other similar activities for commission or on income sharing basis or on a fixed income basis, subject to approval of the Reserve Bank of India or any other competent authority, as may be necessary

(b) To issue such categories of prepaid payment instruments, including but not limited to co-branded prepaid payment instruments, operate payment systems, and undertake such activities in relation to payment, remittance and settlement systems as may be permitted by the Reserve Bank of India from time to time.

(c) to provide technology for simple and safe electronic transactions for banking including services for know your customer (KYC) to banks, financial institutions, government, semi governments, local bodies, telecom operators or any related business which needs the KYC subject to approval of the Reserve Bank of India or any other competent authority, as may be necessary.

(ii) The present ancillary and incidental objects Clause III B be and is hereby altered by insertion of the following new clauses 32 and 33 below clause 31 as under:

32.To guarantee the payment of money, secured or unsecured, by or payable in respect of promissory notes, bonds, debentures, debenture stock, contracts, mortgages, charges, obligations, instruments and securities of any company or any authority, central, state, municipal, local or otherwise or of any person whomsoever, whether incorporated or not incorporated, and generally to guarantee or become sureties for the performance of any contracts or obligations.

33.To create any Reserve Fund/Account, Sinking Fund, Insurance Fund/Account, Depreciation Fund, Dividend Equalisation Fund or any other Special Fund/Account whether for depreciation, repairing, improving, extending or maintaining any of the property of the Company or for any other purpose conducive to the interest of the Company, and to vary transpose the same.

(iii) Clause III B presently titled 'Objects incidental or ancillary' be titled as "Matters which are necessary for furtherance of the objects".

(iv) Existing Clause III C titled 'Other objects' of the Memorandum of Association be deleted and its content in clause 1 to 17 be merged to Clause III B and be renumbered starting from clause 34 to 50.

**RESOLVED FURTHER THAT** any of the Director or Secretary of the Company be and is hereby authorized to do all such acts, things and deeds as may be required in order to the effective execution of the said resolution including but not limited to file necessary e-forms under his digital signature with Registrar of Companies or such other Regulatory Authorities."

#### **Item No.6: Increase in Borrowing powers**

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

**"RESOLVED THAT** in supersession of all the earlier resolutions passed in this regard and subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors and/or any Committee of Directors thereof, to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/entity/entities and/or authority/authorities, any other securities or instruments, either in rupees or in such other foreign currencies, as maybe permitted by law from time to time and as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores) over and above the share capital and free reserves of the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business).

**RESOLVED FURTHER THAT** in supersession of all the earlier resolutions passed in this regard and subject to Section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013 and relevant rules made thereto

including any statutory modifications or re-enactments thereof, consent of the members of the company be and is hereby accorded, to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions, investors and any other lenders to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed a sum of Rs. 500 Crores (Rupees Five Hundred Crores).

**RESOLVED FURTHER THAT** the Board of Directors of The company be and are hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

**Item No.7: Approval of Related Party transactions**

To consider and if thought fit, to pass with or without modification(s), 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, within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations as mentioned herebelow, 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	Duration 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	3 Years
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores	3 Years
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	3 Years
M/s. Ashram Online.com Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores	3 Years
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.25 Crores	3 Years
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores	3 Years
Mr.Jaijash Tatia	KMP	Borrowing of loans	Rs.10 Crores	3 Years

**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.”

Place: Chennai  
Date 06.08.2022

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

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

**Item no. 3 – Reappointment of M/ s J. V. Ramanujam& Co, Chartered Accountants, as statutory auditors of the Company**

M/ s J. V. Ramanujam& Co, Chartered Accountants (Firm Registration No. 029475) were appointed as Statutory Auditors of the Company from the conclusion of the 23rd Annual General Meeting till the conclusion of the forthcoming Annual General Meeting.

In terms of the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the Company can appoint or reappoint an audit firm as statutory auditors for not more than two (2) terms of five (5) consecutive years.

M/ s J. V. Ramanujam&Co, is eligible for reappointment for a further period of five years. Based on the recommendations of the audit committee, the Board of Directors, at its meeting held on 1<sup>st</sup> August , 2022, approved the reappointment of M/ s J. V. Ramanujam& Co, as the statutory auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the ensuing AGM until the conclusion of the 33<sup>rd</sup> AGM to be held in the year 2027. The reappointment is subject to approval of the shareholders of the Company at a remuneration to be fixed by the Board of Directors.

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 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

Considering the evaluation of the past performance, experience and expertise of M/ s J. V. Ramanujam&Co and based on the recommendation of the audit committee, it is proposed to appoint M/ s J. V. Ramanujam&Co as statutory auditors of the Company for a second term of five consecutive years till the conclusion of the 33<sup>rd</sup> AGM of the Company in terms of the aforesaid provisions.

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

The Board recommends the resolution set forth in item no. 3 for the approval of members.

**Item No. 4: Reappointment and payment of Remuneration of Mr.Jaijash Tatia as Whole Time Director**

Mr. Jaijash Tatia has been appointed as Wholetime Director w.e.f. 1<sup>st</sup> April, 2018 for a period of 5 years and his tenure ends on 31<sup>st</sup> March 2023. Mr. Jaijash Tatia has been actively engaged in shaping the operations and guiding the Company. Further, he is actively co-ordinating with the Board of Directors and has been discharging his duties since his appointment in the company.

The Board of Directors at its meeting held on 1<sup>st</sup> August, 2022, subject to the approval of members, and on the recommendation of the Nomination and Remuneration Committee, has proposed reappointment of Mr.Jaijash Tatia as Whole Time Director of the Company for a further period of three years from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2026 to have his continued guidance.

Due to substantial increase in the operations of the Company due to his increased involvement, the Board has on the recommendation of the Nomination and Remuneration Committee and with the consent of the Audit Committee proposed to increase the remuneration payable to Mr.Jaijash Tatia comprised of salary not exceeding Rs. 60 Lakhs (Rs. Sixty Lakhs) per annum and other benefits (Contribution to provident fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961(43 of 1961)). Such remuneration shall be considered to be within the limits of provisions of Section 197 and Section II Part II of Schedule V of the Companies Act and Schedule V and SEBI (LODR). This remuneration shall also be deemed to be minimum remuneration if the company has no profits or its profits are inadequate and deemed to be in compliance to the limits as specified under the Section II Part II under Schedule V of the Companies Act, 2013.

Mr. Jaijash Tatia satisfies all the conditions set out in Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act and he is not disqualified from being appointed as Director in terms of Section 164 of the Act. The details as required to be provided as per Schedule V of the Companies Act, 2013 and SEBI LODR Regulation has been provided as annexure to the notice.

The above may be treated as a written memorandum setting out the variation in the remuneration of Mr. Jaijash Tatia under Section 190 of the Act. Further, the above resolution approving the remuneration shall also deemed to be approval of related party transaction as per Companies Act, 2013 and SEBI LODR Regulation.

Mr. Jaijash Tatia and Ms. Henna Tatia, 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 party shall not participate and/ or vote to approve this resolution.

The Board recommends passing the Ordinary Resolution given in Item No 4 of the Notice.

**Item No. 5: Proposal for alteration of object clause of Memorandum of Association**

With the growing scope of Business and technological advancement in the financial market, the Management foresee to develop the scope of business in the market and intent to add the Objects as mentioned under Item No.5, in addition to the present objects mentioned in the Objects clause of the Memorandum of Association.

The Board of Directors at their meeting held on 1<sup>st</sup> August, 2022 approved the proposal for amendment of object clause of Memorandum of Association.

The Board recommends this resolution set out in Item No.5 of this notice for approval of the Members to be passed as special resolution.

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.

**Item No.6: Increase in borrowing powers**

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto Rs. 500 Crores (Rupees Five Hundred Crores only).

Considering the funds requirements of the Company, the Board in its Meeting held on 1<sup>st</sup> August, 2022, accorded approval for seeking the approval of shareholders for enhancing the borrowing limits upto Rs. 500 Crores (Rupees Five Hundred Crores only) over and above the Paid up capital and Free reserves, pursuant to Section 180(1)(c) of the Companies Act, 2013.

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.6 of the Notice, except to the extent of their shareholding in the Company, if any.

**Item No. 7: 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.

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 the Board at its meeting held on 20<sup>th</sup> May 2022, has approved the Related Party Transactions, subject to approval of the members of the Company in the 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 (Rs in Lakhs)	Duration
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.10 Crores	3 Years
M/s. Tatia Global Venntures Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores	3 Years
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	3 Years
M/s. Ashram Online.com Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores	3 Years
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Borrowing of Loans	Rs.25 Crores	3 Years
M/s. Opti Products Private Limited	Enterprises over which the KMPs and their relatives can exercise significant influence	Lending of Loans	Rs.5 Crores	3 Years
Mr.Jaijash Tatia	KMP	Borrowing of loans	Rs.10 Crores	3 Years

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.7 of this notice for approval of the Members to be passed as ordinary resolution.

Mr. Jaijash Tatia and Ms. Henna Tatia, 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 party shall not participate and/ or vote to approve this resolution.

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (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 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. 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)
3. 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)
4. 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.
5. 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 atleast 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.
6. 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.
7. 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.
8. As the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
9. Electronic copy of the Annual Report for 2021-22 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 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).
10. 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.
11. The Statutory Auditors J V Ramanujam & Co, Chartered Accountants appointed at the 23<sup>rd</sup> Annual General meeting, the tenure of their appointment as Statutory Auditors ends at the forthcoming Annual General Meeting. Hence, the Board recommends their appointment for a further period of Five years from the forthcoming Annual General Meeting.
12. 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 24.08.2022 to 30.08.2022 (both days inclusive) for the purpose of 28<sup>th</sup> AGM.
13. 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.

**14. 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 updation 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.

**15. Members are requested to:**

- 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;
- 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;
- Quote their folio numbers/Client ID/DP ID in all correspondence; and
- Consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

16. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2022 dated 05.05.2022 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.

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER**

In case of members receiving e-mail:

- The voting period begins on **27.08.2022 at 09:00 A.M and ends on 29.08.2022 at 05:00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **23.08.2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" tab.
- Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- Now, fill up the following details in the appropriate boxes:

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

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the sequence number in the PAN Field. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.

# please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on <Company Name> on which you choose to vote.

(xii) 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.

(xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) 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.

(xvii) 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.

(xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### **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 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. **23.08.2022**
- vi. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 28th AGM by email and holds shares as on the cut-off date i.e. **23.08.2022** 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.

#### 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) (designated email address by company), 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.

#### GENERAL INSTRUCTIONS

- i. 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, 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.
- ii. 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.
- iii. 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, in their own interest, are requested to dematerialize their shares to avail the benefits of electronic trading/holding and to facilitate share transfer.
- iv. 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.

#### THE COMPANY HAS APPOINTED M/S. LAKSHMI 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 three 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. 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 Stock Exchange where the shares of the Company are listed.

**Place : Chennai**  
**Date : 06.08.2022**

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

**Sd/-**  
**Vidyalakshmi R**  
**Company Secretary**

### ANNUAL GENERAL MEETING INFORMATION AT A GLANCE:

28 <sup>th</sup> ANNUAL GENERAL MEETING	
Day & Date	30th August 2022
Time	11.00 A.M
Venue	<b>through Video Conferencing or Other Audio Video Means</b> from the Registered Office of the Company situated at Old No.12, New No.29, Mookathal Street, Purusawalkkam, Chennai-600007
Financial year	2021-22
Listed on Stock Exchange	BSE Limited (BSE); Scrip Code : 530139
International Securities Identification Number (ISIN)	INE302C01018
Date of Book Closure	24.08.2022 to 30.08.2022 (Bothe days inclusive)
Cut-off date for E-voting	<b>23.08.2022</b>
Voting Start Date & Time	27.08.2022 (Saturday)
Voting End Date & Time	29.08.2022 (Monday)
E-voting website	<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>

## ANNEXURE TO THE NOTICE

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

<b>Name of the Director</b>	Mr.JaijashTatia
<b>Date of Birth</b>	05/10/1992
<b>DIN</b>	08085029
<b>Date of appointment</b>	01/04/2018
<b>Relationship with other directors</b>	Relative of Ms.Henna Jain(Director)
<b>Expertise in specific Function Area</b>	Specializing in Risk Management with Financial Accounting
<b>Qualification</b>	BA in Business Management with Financial Economics
<b>Names of listed entities in which the person also holds the directorship and the membership of Committees of the board</b>	NIL

### STATEMENT OF DISCLOSURE PURSUANT TO REAPPOINTMENT OF WHOLE TIME DIRECTOR AS PER SECTION 196, 197, SCHEDULE V AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES APPENDED THERETO:

<b>I. General information:</b>	
(1) Nature of industry	NBFC (RBI registered)
(2) Date or expected date of commencement of commercial production:	NA
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
(4) Financial performance based on given indicators	NA
(5) Foreign investments or collaborations, if any.	NA
<b>II. Information about the appointee:</b>	
(1) Background details	Qualified as BA in Business Management with Financial Economics specializing in Risk Management with Financial Accounting
(2) Past remuneration	Rs.24 Lakhs per annum plus Other benefits
(3) Job profile and his suitability	With 3+ years of experience in the Financial Market. managing the affairs of the Company
(4) Remuneration proposed	Rs. 60 Lakhs Per annum plus other benefits
(5) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any.	Shareholding of 9,98,000 shares (9.47%) in the Company and part of the promoter Group
<b>III. Other information:</b>	
(1) Reasons of loss or inadequate profits	The Company is in the growing phase of business development in the last three years since deployment of its new digital lending division and nurtured seamless growth in the past three year witnessing is profit from the FY 2021-22.
(2) Steps taken or proposed to be taken for improvement	The profitability of the Company is increasing compared to the previous years and business development activities are carried out in complete pace.
(3) Expected increase in productivity and profits in measurable terms	



## DIRECTORS' REPORT

**Dear Shareholders,**

Your Directors have pleasure in presenting the 28<sup>th</sup> ANNUAL REPORT on the business and operations of your company and the Audited Financial Statements together with the Auditors Report for the year ended 31<sup>st</sup> March 2022.

### FINANCIAL RESULTS

(Rupees in Lakhs)

	Year ended on 31 <sup>st</sup> March 2022	Year ended on 31 <sup>st</sup> March 2021
Income from operations	428.90	171.67
Profit/(Loss) before depreciation, Interest	253.73	(12.81)
Interest	39.04	33.91
Depreciation	4.69	7.37
Profit/(Loss) before tax	210.01	(54.09)
Prior period tax	-	(5.33)
Provision for tax	-	-
Deferred tax	0.02	(0.56)
Profit/(Loss) after tax	210.03	(48.19)
Other Comprehensive Income ('OCI')	296.97	53.53
Total Comprehensive Income	507.00	5.34

### BUSINESS PERFORMANCE

The revenue of Kreon in the Financial Year 2021-2022 is Rs.428.90 Lakhs, compared to Rs 171.67 Lakhs in the Financial Year 2020 -2021. During the year under review, Kreon has made a profit of Rs. 210.03 Lakhs for the Financial Year 2021-2022 as compared to loss (after tax) of Rs.54.09 Lakhs for the Financial Year 2020-2021.

In the previous Financial year, StuCred had partnered with Paytm which provided the consumers with an option to make their StuCred repayments directly from the Paytm app. This facility helped easy repayments and greeted by the consumers

During this Financial year 2021-22, tie up with HDFC Credila, an HDFC Ltd Company, India's first dedicated education loan company who is pioneered in the concept of specialist education loan lender, is another significant addition to KREON's business. Both these companies working for empowering the Student Community have joined hands together to form an alliance/partnership to help and bring the best out of the students.

With the increase in customer base and steep increase in disbursement of loans compared to previous financial years growth of Kreon is in the rising trend in the FinTech industry.

### 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 members vide postal ballot resolution dated 13<sup>th</sup> April 2021 and 7<sup>th</sup> June 2021, approved the

reclassification of Authorised Share Capital of the Company. The Authorized share Capital was reclassified from Rs. 20,00,00,00 (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10 (Rupees Ten only) each of the Company to Rs. 20,00,00,000 (Rupees Twenty Crores only) divided into 1,50,00,000 (One Crores Fifty Lakhs) Equity Shares of Rs. 10 (Rupees Ten only) each of the Company and 50,00,000 (Fifty Lakhs) Compulsory Convertible Preference Shares of Rs. 10 (Rupees Ten only). Further at the Extra Ordinary General Meeting dated 27<sup>th</sup> November 2021, the Authoized share capital was increased to 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 of the Company and 50,00,000 (Fifty Lakhs) Compulsory Convertible Preference Shares of Rs. 10 (Rupees Ten only). There is no other change in the Share capital. The Authorized share capital was increased fo 31<sup>st</sup> March, 2022 is Rs.30,00,00,000/- (Rupees Thirty Crores only).

#### **ISSUE OF SHARES/WARRANTS ON PREFRENTIAL BASIS**

The members vide postal ballot resolution dated 13th April 2021 and 7th June 2021 approved for issue of shares on preferential basis by conversion of Loan into Equity/Compulsory Convertible Preference Shares subject to in-principle approval for listing of shares from the BSE. The BSE vide its letter dated 12th August 2021 issued the in-principle approval. Further the Company, at its Board meeting dated 2nd September, 2021 allotted shares of 3,75,000 equity shares of Rs. 10/- each at a premium of Rs. 10/-each to Mr.Jaijash Tatia aggregating to Rs. 75 Lakhs (Rupees Seventy Five Lakhs only) and 6,20,000 8.25% Compulsorily Convertible Preference Shares ("CCPS") of face value of Rs. 10/- each aggregating to Rs. 62 Lakhs (Rupees Sixty Two Lakhs only) convertible into 3,10,000 equity shares of Rs. 10/- at a premium of Rs. 10/- to M/s Jinpaad Developer Private Limited on preferential basis for consideration other than cash. The same was ratified at the Extra Ordinary General meeting held on 27th November 2021 and issue of 95,00,000 warrants at the price of Rs.21/- per warrant was approved at that meeting. Out of the CCPS issued, 3,00,000 CCPS of Rs.10/- each was converted into 1,50,000 Equity shares of Rs. 10/- each at a premium of Rs.10/- each at the Board meeting held on 30th March 2022. The paidup share capital as on 31<sup>st</sup> March, 2022 is Rs.10,58,60,000/- (Rupees Ten Crore Fifty Eight Lakhs Sixty thousand only).

#### **DIVIDEND**

The available resources are being conserved for survival and future operations, hence no dividend is being proposed for the Financial Year 2021-22.

#### **TRANSFER TO RESERVES**

As per Sec 45IC(i) of RBI Act, 1934, your company has transferred 20% of the Net Profits to General Reserves amounting to Rs.42.00 Lakhs (Rupees Forty Two Lakhs only) for the Financial year ended 31<sup>st</sup> March 2022.

#### **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 5th March, 2021. Hence, the question of attaching MGT-9 with this report does not arise. However, the Annual return can be viewed in the website of the company [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**

Your 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)

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

### 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, Mr.Jaijash Tatia, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr.Jaijash Taia, appointed as the Wholetime Director of the Company for a period of Five years w.e.f 01.04.2018 to 31.03.2023. The Board recommends to reappoint Mr. Jaijash Tatia in the ensuing Annual General Meeting.

### 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 shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other Directors', not by the Director being evaluated. The Board shall also review the manner in which ID's follow guidelines of professional conduct.

- (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, it shall be determined by the Nomination and Remuneration Committee and the Board 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.

## **STATUTORY AUDITORS**

M/s J.V.Ramanujam & Co, Chartered Accountants (Firm Registration No. 02947S) as Statutory Auditor's, retiring at the ensuing Annual General Meeting are willing to be reappointed as the Statutory Auditors of the Company for a further period of 5 years until the conclusion of the 33<sup>rd</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 2021-22 by the secretarial auditor, Mr. P.S. Srinivasan, Associate partner, M/s. Lakshmmi Subramanian & Associates Practicing Company Secretaries bearing (CP No. 3122 ; ACS No. 1090) is annexed herewith as “**ANNEXURE - IV**”.

### COMMENT ON SECRETARIAL AUDITOR REPORT

With reference to the remarks made by the secretarial auditor, Mr. P.S. Srinivasan, Associate partner M/s. Lakshmmi Subramanian & Associates Practicing Company Secretaries bearing (CP No. 3122), in the Secretarial Audit Report, the remarks are self-explanatory.

### 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 in respect of the business activities carried out by 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.*

Your 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 500 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.

### **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 J.V.Ramanujam & Co 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 9 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.

### **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 2022, 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 2022, 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.

### **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 2021-22, Forex outflow on purchase of / subscription to software – 10.50 lakhs. During the period 2020-21, there was an outflow of Rs. 9.55 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

Your 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.

Your 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.

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. Cofounder& 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 behaviors, 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, 2022, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2022 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.
- 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 area 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.

I 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 FInnancial Services Limited**

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

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

**Place : Chennai  
Date : 01.08.2022**



## 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	JaijashTatia	KMP
2	Bharat Jain Tatia	Relatives of KMP
3	Jinpaad Developers Private Limited	Enterprises over which KMPs and their relatives can exercise significant influence
4	Ashram Online.Com Limited	-do-
5	Tatia Global Vennture Ltd	-do-
6	Opti Products Pvt. Ltd.	-do-

#### 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 2021-22

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 2021-22 (Amount in Lakhs)
1	Mr. Bharat Jain Tatia	Relative of KMP	Rent Payment	1 year	-	28/06/2021	-	3.00
2	M/s Ashram Online.Com Ltd	Enterprises over which KMPs and their relatives can exercise significant influence	Interest Paid/ Payable	1 year	-	28/06/2021	-	12.06
3			Loans Taken	1 year	-	28/06/2021	-	68.90
4			Loan Re-payment	1 year	-	28/06/2021	-	19.35

5	M/s Tatia Global Vennture Ltd	Enterprises over which KMPs and their relatives can exercise significant influence	Interest Paid/ Payable	1 year	-	28/06/2021	-	11.62
6			Loans Taken	1 year	-	28/06/2021	-	38.00
7			Loan Re-payment	1 year	-	28/06/2021	-	83.00
8	M/s Opti Products Pvt. Ltd	Relatives of KMP/ Enterprises over which KMPs and their relatives can exercise significant influence	Interest Paid/ Payable	1 year	-	28/06/2021	-	4.23
9			Loans Taken	1 year	-	28/06/2021	-	272.00
10			Loan Re-payment	1 year	-	28/06/2021	-	260.25
11	Mr.JaijashTatia	Promoter/Director/KMP	Loan Borrowing	1 year	-	28/06/2021	-	28.00
12			Loan Re-payment	1 year	-	28/06/2021	-	101.63

**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 : 01.08.2022**



## 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.

**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 fulfill 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 2021-22:**

Sl. No	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr.JaijashTatia	Whole-Time Director	Remuneration	3.30:1
2.	Ms. Henna Jain	Non-Executive Director	Sitting Fees	0.012:1
3.	Ms.Hemamalini	Independent Director #	Sitting Fees	0.012:1
4.	Mr Subbarayan Ekambaram	Independent Director#	Sitting Fees	0.011:1

**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 2021-22:**

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

# Independent Director are paid fixed sitting fees, amount of the same is not changed during the year.

3. The percentage increase in the median remuneration of employees in the financial year: Nil
4. The number of permanent employees on the rolls of the company: 44 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.

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/-**

**Sd/-**

**Place : Chennai**

**JaijashTatia**

**Henna Jain**

**Date : 01.08.2022**

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

**Director**  
**(DIN: 08383395)**

## ANNEXURE - IV

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2022

[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, 2022 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, 2022 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;
    - (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, except to the extent of observations noted in this report

- 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 except as mentioned specifically in the 24A report submitted to the stock exchange and forming a part of this report

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 2022

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 except: -

- a. There has been a delay in filing of form SH – 7 with the Registrar of Companies.

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 adequate monitoring systems including for RBI Compliances and the same is monitored by the Key managerial personnel wherever applicable.

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. The Company has reclassified the Authorized share capital from 20,00,00,000/- (Rupees Twenty Crore only) divided into 2,00,00,000 (Two Crores only) Equity shares of Rs. 10/- (Rupee Ten only) to Rs. 20,00,00,000/- (Rupees Twenty Crore Only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity shares of Rs.10/- (Rupees Ten only) each and 50,00,000 (Fifty Lakhs) Preference Shares of Rs.10/- (Rupees Ten only) vide postal ballot dated 07th May 2021.
2. The Company has approved the issue of 3,75,000/- Equity shares (Three lakhs Seventy-Five Thousand) Equity shares with a face value of Rs. 10/- (Rupees Ten Only) each, at a premium of Rs. 10/- each aggregating to Rs. 75,00,000/- (Rupees Seventy-Five Lakhs) to Mr. Jaijash Tatia i.e. Promoter on a preferential basis converting part of the existing outstanding loan into equity shares of the Company vide postal ballot dated 07th May 2021, subsequently the Board allotted at the meeting held on 02nd September 2021.
3. The Company has approved the issue of 6,20,000 Compulsory Convertible Preference Shares on a Preferential basis of the Face value of Rs 10/- each to M/s. Jin Paad Developers Private Limited on Preferential Basis vide postal ballot dated 07th May 2021, subsequently the Board allotted at the meeting held on 02nd September 2021.
4. The Company has revised the terms of the existing outstanding loan of Rs. 3,64,34,116/- borrowed from the Opti Products Private Limited at the Annual General Meeting held on 30th September 2021.
5. The Board of the Company has approved the issue of Equity Shares on the Right basis at the Meeting held on 18th October 2021 and the same has been withdrawn by the Board at the meeting held on 28th October 2021.
6. The Company has approved the issue of 95,00,000 (Ninety-Five Lakh) Warrants ("Warrants") at a price of Rs. 21/- (Rupees Twenty One Only) per Warrant with a right to the Warrant holders to apply for and be allotted 1 (One) Equity Share for each Warrant within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to an amount of up to Rs. 19,95,00,000/- (Rupees Nineteen Cores Ninety Five Lakhs Only) on a Preferential Basis to Promoter and Non – Promoters at the Extraordinary General Meeting held on 27th November 2021, subsequently the Board allotted the said warrants to allottees at the Meeting held on 24th January 2022.

The Company has increased the Authorized Share Capital from Rs. 20,00,00,000/- (Rupees Twenty Crores Only) consisting of 1,50,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 30,00,00,000/- (Rupees Thirty Crores Only) consisting of 2,50,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten Only) each, vide Special Resolution passed at the Extraordinary General Meeting held on 27th November 2021.

7. The Company has converted 3,00,000 Compulsory Convertible Preference Shares issued to M/s. Jin Paad Developers Private Limited as mentioned in para 3 into 1,50,000 Equity shares at a face value of Rs.10/- each and a Premium of Rs. 10/- each.

Place: Chennai  
Date: 30.07.2022

Lakshmmi Subramaniam & Associates

Sd/-  
P. S. Srinivasan  
Membership No. 1090  
C.P.No. 3122  
PR No. 1670/2022  
UDIN: A001090D000712504

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: 30.07.2022

Lakshmmi Subramaniam & Associates

Sd/-  
P. S. Srinivasan  
Membership No. 1090  
C.P.No. 3122  
PR No. 1670/2022  
UDIN: A001090D000712504



## 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 FY2021-22.

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

Act, 2013. The Company has a diversified Board with judicious combination of Executive and Non-Executive Directors. As at 31<sup>st</sup> March, 2022, 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, 2022 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	-	-	-	9,98,300
2	Ms. Henna Jain (DIN #08383395)	Non- Executive Director	22.03.2019	-	-	-	NIL
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, 2022 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, 2022 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.

## 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 9 times, viz 5<sup>th</sup> May 2021, 28<sup>th</sup> June 2021, 2<sup>nd</sup> August 2021, 2<sup>nd</sup> September 2021, 18<sup>th</sup> October 2021, 28<sup>th</sup> October 2021, 17<sup>th</sup> January 2022, 24<sup>th</sup> January 2022 and 30<sup>th</sup> March 2022 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 2021-2022	No. of Board Meetings attended during the year 2021-2022	Attended the previous AGM (YES or NO)
Mr.JaijashTatia	9	9	YES
Mr.Subbarayan Ekambaram	9	8	YES
Ms.Hemamalini	9	9	YES
Ms. Henna Jain	9	9	YES

## KEY SKILLS, EXPERTISE AND COMPETENCIES

Sl No	Name of the Directors	Skills/Expertise Identified by the Board	Specialization
1	Mr.JaijashTatia	<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	Mr.Subbarayan Ekambaram	<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.	Ms.Hemamalini	<ul style="list-style-type: none"> <li>• Integrity,</li> <li>• Ability to function as Team,</li> <li>• Commitment</li> <li>• Financial expertise</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 has successfully established and led many innovative services which have led the organization growth.(i.e created value

			in the organization)
4.	Ms. Henna Jain	<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 16.03.2022 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 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, 2022, 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 five times, viz. 28.06.2021, 02.08.2021, 02.09.2021, 18.10.2021 and 17.01.2022 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, 2022 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	5	5
Mr.JaijashTatia	Whole-time Director	Member	5	5
Ms.Hemamalini	Independent Director	Member	5	5

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 27<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2021.

#### 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 four times, viz. 05.07.2021, 17.12.2021, 06.01.2022 and 16.03.2022 with necessary quorum. The constitution of the Committee and the attendance of each member of the Committee as on 31<sup>st</sup> March, 2022 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	4	4
Mr. Henna Jain	Promoter- Non- Executive Director	Member	4	4
Ms.Hemamalini	Independent Director	Member	4	4

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	Old no.12, New No. 29, Mookathal Street, Purusawalkkam, Chennai-600007	044-42138704	<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>



### Complaints received and redressed during the year

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 specifies.

During the year under review, the company had received one investors' complaints through SEBI Complaint Redressal System (SCORES) and issue was closed by SCORES after providing necessary reply.

### 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 16<sup>th</sup> March 2022 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, 2022 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	1	1
Mr. Henna Jain	Promoter- Non- Executive Director	Member	1	1
Ms.Hemamalini	Independent Director	Member	1	1

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 fixed sitting fees i.e. Rs.1000/- per Board meet. 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	Rs.
1.	Mr.Subbarayan Ekambaram	8,000/-
2.	Ms.Hemamalini	9,000/-

- 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. 9,000/- towards attending Board Meeting during the Financial year 2021-2022.

## 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. 9000/-
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

- No other performance linked incentives or any other fees are paid to any of the Directors.
- 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.
- 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.
- The Company does not pay any severance fees to any of the Directors.
- The Independent Director shall not be entitled to participate in the Stock option scheme, if any introduced by the Company.

**GENERAL BODY MEETINGS:**

Date and time of the General Meetings held during the last three years till 31st March, 2022.

Details of General Meeting	Date	Time	Venue
25th AGM FY 2018-'19	26.09.2019	11.00 AM	Old No 12, New No 29, Mookathal Street, Chennai – 600007
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 A.m	EoGM 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 25<sup>th</sup> Annual General Meeting held on 26.09.2019:**

- Appointment of Henna Jain as the Non Executive Director of the Company.
- Approval for payment of remuneration to Shri. JaijashTatia, Wholetime Director for the remaining tenure of service

**At the 26<sup>th</sup> Annual General Meeting held on 28.09.2020:**

NIL

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

- 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.
- 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**

- Ratification of issue of equity shares on conversion of existing debts
- 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

#### POSTAL BALLOT

##### Resolutions passed by Postal Ballot by remote evoting process by members of the company on 11th 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 7th 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

#### 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, your 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

##### 28<sup>th</sup> Annual General Meeting:

Day & Date	Wednesday, the 30 <sup>th</sup> August 2022
Time	11.00 A.M
Venue	through Video Conferencing or Other Audio Video Means from the Registered Office of the Company situated at Old No.12, New No.29, Mookathal Street, Purusawalkkam, Chennai-600007
Financial year	2021-2022.
Date of Book Closure	24.08.2022 to 30.08.2022 (Both days inclusive)
Listed on Stock Exchange	BSE Limited (BSE); Scrip Code: 530139
International Securities Identification Number (ISIN)	INE302C01018
Outstanding GDR/ADR /Warrants or any convertible instruments	NIL

### 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 2021-2022, to BSE Ltd within the stipulated time. The Company has also paid the custodian fees for the Financial Year 2021-2022 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

**BSE Stock Code: 530139**

**ISIN No. INE302C01018**

### 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. 86.98% of the Company's paid up Equity Share Capital has been dematerialized upto 31<sup>st</sup> March 2022.

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2022:

Slab of Shareholding	No. of Shareholders	% of Holders	Amount of Shares (in Rs)	% of Shares
Upto 5000	2691	79.08	4491070.00	4.24
5001 – 10000	346	10.17	2877030.00	2.72
10001 – 20000	186	5.47	2876140.00	2.72
20001 – 30000	56	1.65	1427100.00	1.35
30001 – 40000	21	0.62	741410.00	0.70
40001 – 50000	29	0.85	1354190.00	1.28
50001 – 100000	36	1.06	2566350.00	2.42
1,00,001 & ABOVE	39	1.12	88176710.00	84.57
<b>TOTAL</b>	<b>3403</b>	<b>100.00</b>	<b>105860000.00</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31<sup>st</sup> MARCH, 2022:

Category	Total Shares	% to Equity
Promoters	51,06,169	48.24
Financial Institutions/ Banks	-	-
Central/State Governments	-	-
Non- Institutional Individuals	30,46,872	28.78
Non-Resident Indians	5,05,182	4.77
Bodies Corporates	18,71,042	17.67
Resident Individuals		
HUF	56,730	0.54
Trust	-	-
Others	5	0.00
<b>TOTAL</b>	<b>1,05,86,000</b>	<b>100</b>

### 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)

### SHARE TRANSFER SYSTEM

All the physical transfers of shares are processed by the Registrar and Share Transfer Agents and are approved by the Stakeholders' Relationship Committee.

The Company obtains half-yearly certificate of compliance related to the share transfer formalities from a Company Secretary in practice as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate simultaneously with the Stock Exchange under Regulation 40(10) of the Listing Regulations. Pursuant to SEBI (Depositories and Participants) Regulations, 1996 and SEBI (Depositories and Participants) Regulations, 2018, a certificate has also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchange as required.

### 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 2021-22 are given below:

Month	High Price	Low Price
April	6.46	6.46
May	6.46	6.46
June	7.77	6.75
July	6.23	5.65
August	7.77	7.77
September	14.55	8.15
October	38.47	15.27
November	57.05	31.05
December	92.85	37.70
January	102.30	58.55
February	73.20	42.90
March	47.30	37.00

### OTHER DISCLOSURES:

#### 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 Chapter IV of the Listing regulations relating to obligations of the listed entity which has listed its specified securities.

#### 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.

#### **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) Regulation, 2015, the Auditors' Certificate on Corporate Governance as certified by M/s. J.V Ramanujam & Co. 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>.

#### **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.

#### **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 behavior, 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. 449.8 Lakhs in the FY 2021-22 on preferential allotment of warrants and utilized Rs. 447.0 Lakhs for the specified purpose of working capital requirements of the Company as mentioned at the time of issue of warrants.

#### **DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT:** Nil

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



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

**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:** Nil

**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.

#### **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			
Sr.	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
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**

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

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

**Place : Chennai**  
**Date : 01.08.2022**

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

To,  
**The Shareholders 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 : 01.08.2022**

## 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, 2022 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2021 to 31st March 2022. 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 J V Ramanujam & Co  
Chartered Accountants  
FR.No. – 002947S**

**Place: Chennai  
Date: 20<sup>th</sup> May 2022**

**Sd/-  
J Vedantha Ramanujam  
Partner  
M.No. 022188**

### DECLARATION

I, JaijashTatia, Whole-Time Director of Kreon Financial Services Limited hereby declare that as of 31<sup>st</sup> March, 2022, 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.

**Place: Chennai  
Date: 20<sup>th</sup> May 2022**

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

## ANNEXURE - VII

### 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 2022 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 2022 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: 20<sup>th</sup> May 2022



## 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**  
**Old No.12, New No.29, Mookathal Street,**  
**Purasawalkkam, Chennai-600007**

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 **Old No.12, New No.29, Mookathal Street, Purasawalkkam, Chennai-600007**, (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, 2022 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/-

**AXN Prabhu Practising Company Secretary**  
**M No. 3902; C.P No. 11440**  
**UDIN: F003902D000720961**

**Place: Chennai**  
**Date: 01.08.2022**

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## MANAGEMENT DISCUSSION AND ANALYSIS

### 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. Your Company which started as a conventional lending Company is moving into a state-of-the-art Fintech Company.

Your 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.

Your 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. The 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.

### INDIAN FINANCIAL SERVICES INDUSTRY

The Financial Year 2021-22 was fairly a year of recovery from the adverse impacts of COVID-19 pandemic. The Indian economy successfully faced the challenges posed by the second and third waves of the pandemic, thanks to successful implementation of vaccination programs, untiring services of the front line warriors, fiscal and monetary policies, stimulus measures of Reserve Bank of India, central and state governments which gave a much-needed cushion for the stability of the economy. This pandemic was a real test of resilience and agility of businesses across all sectors, be it manufacturing, service, real estate, entertainment sector and others.

According to the RBI, India's financial system is maturing from a bank-dominated space to a hybrid system, wherein non-bank intermediaries are gaining prominence. In FY 2021-22, the NBFC sector witnessed a revival in loan growth to 10.3% as compared to 4.6% in FY 2020-21. Profitability for the sector also improved in FY 2021-22, as the sector's ROE improved to 12% from 11% in FY 2021, on account of lower credit costs.

During the last few years, digital adoption across NBFCs and HFCs has been increasing, with focus on digital acquisition and on-boarding, partnerships with fintechs and technology being leveraged, to improve customer service. Adopting technological innovations across value chains will aid optimisation of resources and processes, reducing turnaround time, facilitating intuitive and automated decision-making, and ensuring accessibility of credit/loans for customers at rates tailored to their socioeconomic profile.

Digital lending is one of the fastest-growing fintech segments in India and it grew exponentially from a volume of U.S. dollars 9 billion in 2012 to nearly 110 billion dollars in 2019. It is further expected that the digital lending market would reach a value of around 350 billion dollars by 2023.

### THE FINTECH REVOLUTION

India is rapidly evolving and is one of the fastest-growing Fintech markets globally and has also emerged as Asia's biggest destination for Fintech deals.

Fintech, as with all internet businesses, has gone through multiple phases of evolution over the last 15 years.

#### 1.0 - Web, Fintech & Lending

Fintech 1.0 was built on the capability and limits of Web 1.0 and therefore disadvantages, principally an oversight of Customer Experience, were overlooked as long as the borrower and lender were connected.

As one can imagine, this did not work for numerous reasons;

- a) Bad User Experience for borrowers
  - a. Historically high rejection rates
  - b. Time-consuming application process
  - c. Process for receiving funds may take weeks/months.
- b) Negative Economies of Scale and Inability to safeguard Intellectual Property

- a. Customer Acquisition Cost extremely high as companies were unsure on how/which customers to source.
- b. Negative feedback based on systematic failings causing brand value to fall.
- c. Unable to create a working and defensible proprietary lending product.
- c) Unfair Advantage for Lenders
  - a. Commission based structure worked unfairly as payment only on approved leads.
  - b. "Seller's market" in terms of Customer experience, collections, offerings, etc..
  - c. Spread CAC and increase CLV by targeting Customers with additional financial products

## 2.0 - Web, Fintech & Lending

Expectedly, The Fintech 2.0 model solves for various disadvantages as seen in the 1.0 model, pointedly for both borrowers and FinTechs.

- a) Better Customer Experience
  - a. Higher Approval Rates
  - b. Transparent & Easier application process
  - c. Instant transfer of credit
- b) Economies of Scale and Intellectual Property
  - a. Lower CAC as Fintech's optimise on how/ which customers to source.
  - b. Introduction of systematic advancements in digital industry leads to positive interactions with customers and, therefore, positive reviews, feedback and brand loyalty.
  - c. Ability to create working and defensible Fintech products that in turn expands the customer target spectrum and offerings.

With increasing levels of digitization, greater affordability of smartphones, and a COVID-induced preference for digital services, Mobile apps are finding greater acceptance across the Indian market.

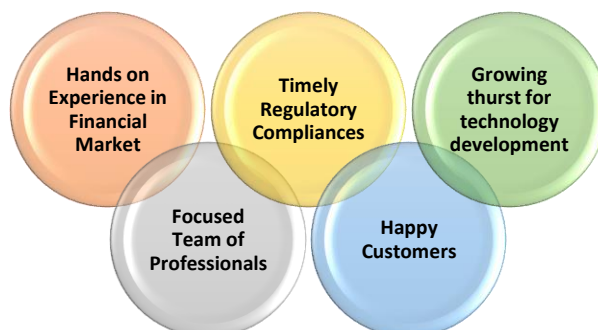
As we continue down this path of innovation and evolution, FinTechs like StuCred steadily take more control over their customer's journey through their platform as they transition from the Web, Fintech & Lending 1.0 model into Web, Fintech & Lending 2.0.

## FINTECH IN THE FUTURE

FY 2021-22 has seen pivotal moment adoptions and changes in the Indian Fintech world, comparable to the launch of INDIA STACK in 2009-10. RBI has successfully completed a Working Group report on Digital Lending and are implementing recommendations received through stakeholders. The report is a massive step forward in (i) regulating the working practices of companies, (ii) the limit of their scope for competition purposes, and (iii) improving the security and compliance practises of Fintechs.

Once implemented correctly, this will allow legitimate Fintechs to supercharge their businesses and drive the next generation of growth. satisfied

## 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 Stucured and providing best of services to the Student community across India.

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## BUSINESS PERFORMANCE

### Operational Review:

In a positive turn of events, the economic stability provided in FY 2021-22 was extremely welcome as compared to the gross uncertainty of the pandemic hit FY 2020-21.

#### KFSL's Consolidated Performance Highlights, FY 2021-22

- Number of new loans booked: 197146 in FY 2021-22; 46807 in FY 2020-21.
- Total income: increased by 150% to 428.90 Lakhs
- Total operating expenses (Opex): de-grew by 3.13% to 218.89 Lakhs.
- Profit before tax (PBT): Profit increased by 290% to 210.01 Lakhs.
- Profit after tax (PAT): Profit increased by 336% to 210.03 Lakhs.

### Financial Review

The following table presents the Company's abridged financials position for the financial year 2021-22:

Particulars	2021-22 Rs. In Lakhs	2020-21 Rs. In Lakhs
Revenue from operations	382.33	171.54
Other income	46.57	0.13
<b>Total revenue</b>	<b>428.90</b>	<b>171.67</b>
Expenses		
Employee benefits	55.30	124.23
Finance costs	39.04	33.91
Depreciation and amortization expense	4.69	7.37
Other expenses	119.86	60.25
<b>Total expenses</b>	<b>218.89</b>	<b>225.76</b>
Profit before exceptional items and taxes	210.01	(54.09)
Exceptional items (net) - income / (expense)	-	-
<b>Profit before tax</b>	<b>210.01</b>	<b>(54.09)</b>
Tax Expenses	-	(5.33)
Deferred Taxes	(0.02)	(0.56)
<b>Profit for the year</b>	<b>210.03</b>	<b>(48.19)</b>

## KEY RATIOS

Particulars	2021-22	2020-21	Reason for Increase/Decrease
<b>Current ratio (%)</b>	260.22	117.96	Increase due to substantial growth in loan disbursements
<b>Operating profit margin (%)</b>	55.47	(12.72)	Due to increased turnover compared to the previous financial year
<b>Net profit margin (%)</b>	48.96	(31.50)	
<b>Return on net worth (%)</b>	15.72	(28.05)	Due to increased Profitability during the year
<b>Debt Equity Ratio (%)</b>	49.21	389.67	Decreased due to repayment of debts and increase in equity

## SEGMENT WISE PERFORMANCE

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

	(Rs. in Lakhs)			
	Commercial lending		Digital lending	
Particulars	2021-22	2020-21	2021-22	2020-21
Net sales/Income From Operations	192.88	112.13	236.01	59.41
Total Profit Before Tax	204.07	110.17	5.94	(164.26)
Total Segment Assets	1455.54	800.66	609.78	192.07
Total Segment Liabilities	699.00	778.31	30.74	21.59

KFSL's Digital lending division is witnessing a 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. Despite the Pandemic, 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 endeavor 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

Your 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 revenue's of StuCred.

### COVID -19

COVID has pushed digital companies 5-10 years forward in India. The adoption and usage of digital platforms and services has been increasing exponentially. While this has been a positive for platforms like StuCred, outbreaks of COVID lead to lockdowns, job uncertainty in the country, central government regulations such as Moratorium can slow the growth of lending for platforms like 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 of impacting the financial strength, operations and reputation of your Company. Keeping this in mind, your 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.

Your company is committed towards creating an environment of increased risk awareness at all levels. As a measure of growth, KFSL It 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

## SWOTANALYSIS

<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 disbursals. 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.

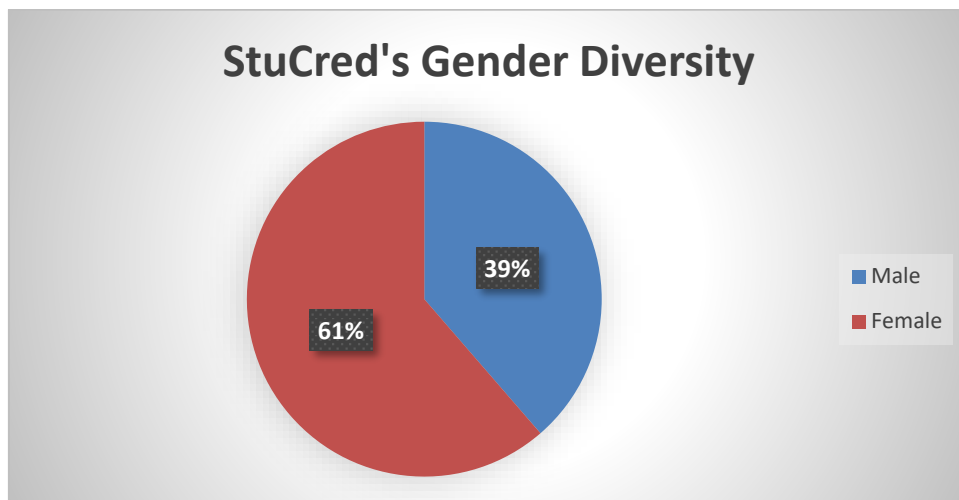
## HUMAN RESOURCES:

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.



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 AUDITORS' REPORT

### 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, 2022, 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, 2022; 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	Ind-AS 109 (Financial Instruments) requires the Company to recognise interest income by applying the effective interest rate (EIR) method. While estimating future cash receipts for the purpose of determining the EIR, factors including expected behaviour, life cycle of the financial asset, probable fluctuation in collateral value which may have an impact on the EIR are to be considered	We have evaluated the management's process in estimation of future cash receipts for the purpose of determination of EIR including identification of factors like expected behaviour, life cycle of the financial asset and probable fluctuation in collateral value. We tested the accuracy of key data inputs and calculations used in this regard.
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.

Sl. No	Key Audit Matter	Auditors' Response
3	Compliance and disclosure requirements under the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework.	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. 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 records of the company and external confirmations wherever necessary
4	Key Information technology (IT) systems used in financial reporting process. The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements.	<p>We obtained an understanding of the Company's IT control environment and key changes during the audit period that may be relevant to the audit</p> <p>We tested the design, implementation and operating effectiveness of the company's General IT controls over the key IT systems which are critical to financial reporting.</p> <p>We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.</p>

#### 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.

#### 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 40(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 40(c) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

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.
- 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 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 account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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".
- g) 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 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.
- (2) 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.

*for J.V. Ramanujam & Co.*

*Chartered Accountants*

FRN No.02947S

Sd/-

**Sri Narayana Jakhotia**

*Partner*

M.No.233192

UDIN: 22233192ANFOJU2738

Place: Chennai

Date: May 20, 2022

**“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, 2022)**

- 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, 2022 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 recognised 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.
  - (d) In respect of the loans/ advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 is Rs.50.49 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  
 (b) 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, 2022 for a period of more than six months from the date they became payable.  
 (c) According to the information and explanations given to us, there are no dues with respect to Excise Duty, and Sales Tax which has 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.
- 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) 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.  
 (d) According to the information and explanations given to us, and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.  
 (e) The company has not raised loans on the pledge of securities held in subsidiaries, joint ventures and associates.
- 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, warrants and compulsorily convertible preference shares during the year. Based on the information and explanations given to us, 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.
- 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 an 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 incurred cash losses of Rs.45.92 Lakhs in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation 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.
- 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 J.V. Ramanujam & Co.*

*Chartered Accountants*

FRN No.02947S

Sd/-

**Sri Narayana Jakhotia**

*Partner*

M.No.233192

UDIN: 22233192ANFOJU2738

Place: Chennai

Date: May 20, 2022



**“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, 2022 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.

**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, 2022, 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 J.V. Ramanujam & Co.*  
*Chartered Accountants*  
FRN No.02947S

Sd/-  
**Sri Narayana Jakhotia**  
*Partner*  
M.No.233192  
UDIN: 22233192ANFOJU2738

Place: Chennai  
Date: May 20, 2022

<b>KREON FINANCIAL SERVICES LTD</b> #29, Mookathal Street, Purasawalkkam, Chennai - 600 007 CIN: L65921TN1994PLC029317				
<b>BALANCE SHEET AS AT 31st MARCH 2022</b>				
				(Rs. in Lakhs)
	Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
	<b>ASSETS</b>			
<b>(1)</b>	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	3	138.86	128.36
	Bank balances other than Cash and Cash Equivalents		5.18	5.06
(b)	Receivables		-	-
(c)	Loans	4	1,303.46	674.31
(d)	Investments	5	432.33	107.47
(e)	Other Financial assets	6	4.69	13.95
(f)	Non-Current Asset			
	-held for sale (others)	7	4.60	4.60
<b>(2)</b>	<b>Non-financial Assets</b>			
(g)	Current Tax Assets (Net)	8	14.36	14.42
(h)	Property, Plant and Equipment	9	11.51	11.56
(i)	Intangible Assets under development	9A	150.32	33.00
	<b>Total Assets</b>		<b>2,065.32</b>	<b>992.72</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
<b>(1)</b>	<b>Financial Liabilities</b>			
(a)	Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		6.72	20.59
(b)	Borrowings (Other than Debt Securities)	10	657.19	751.40
(c)	Other financial liabilities	11	17.23	13.30
<b>(2)</b>	<b>Non-Financial Liabilities</b>			
(a)	Deferred Tax Liabilities (Net)	12	38.02	8.15
(b)	Other non-financial liabilities	13	10.57	6.45
<b>(3)</b>	<b>Shareholders' Funds</b>			
(a)	Share capital	14	1,090.60	1,006.10
(b)	Other Equity (Refer statement on Changes to Equity)		(253.77)	(813.27)
(c)	Money Received against Warrants		498.75	-
	<b>Total Liabilities and Equity</b>		<b>2,065.32</b>	<b>992.72</b>
Notes 1 to 45 which includes Significant Accounting Policies and Basis of Preparation form part of these financial statements.				
<b>For and on behalf of the Board</b>			<b>As per our Report of even date</b>	
<b>Sd/-</b> <b>JAIJASH TATIA</b> Whole Time Director DIN. 08085029  <b>Sd/-</b> <b>SHOBA NAHAR</b> CFO  Place: Chennai Date: 20.05.2022		<b>Sd/-</b> <b>HENNA JAIN</b> Director DIN. 08383395  <b>Sd/</b> <b>VIDYALAKSHMI R</b> Company Secretary	<b>For J V Ramanujam &amp; Co</b> Chartered Accountants FRN 002947S  <b>Sd/</b> <b>CA SRI NARAYANA JAKHOTIA</b> Partner M No 233192	

KREON FINANCIAL SERVICES LTD				
#29, Mookathal Street, Purasawalkkam, Chennai - 600 007 CIN: L65921TN1994PLC029317				
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2022				
(Rs. in Lakhs)				
	Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
	<b>Revenue from operations</b>			
(i)	Interest Income	15	146.46	112.07
(ii)	Fee Income		235.80	59.41
(iii)	Dividend Income		0.06	0.05
(I)	<b>Total Revenue from operations</b>		<b>382.33</b>	<b>171.54</b>
(II)	Other Income (to be specified)	16	46.57	0.13
(III)	<b>Total Income (I+II)</b>		<b>428.90</b>	<b>171.67</b>
	<b>Expenses</b>			
(i)	Finance Costs	17	39.04	33.91
(ii)	Employee Benefits Expenses	18	55.30	124.23
(iii)	Depreciation, amortization and impairment		4.69	7.37
(iv)	Bad Debts		6.56	-
(v)	Others expenses	19	113.30	60.25
(IV)	<b>Total Expenses (IV)</b>		<b>218.89</b>	<b>225.76</b>
(V)	Profit / (loss) before exceptional items and tax (III-IV)		210.01	(54.09)
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V -VI)		<b>210.01</b>	<b>(54.09)</b>
(VIII)	<b>Tax Expense:</b>		-	-
	(1) Current Tax		-	-
	(2) Prior Period Tax (includes Short Provision made in earlier years)		-	(5.33)
	(3) Deferred Tax		(0.02)	(0.56)
(IX)	Profit / (loss) for the period from continuing operations(VII-VIII)		210.03	(48.19)
(X)	Profit/(loss) from discontinued operations		-	-
(XI)	Tax Expense of discontinued operations		-	-
(XII)	Profit/(loss) from discontinued operations(After tax) (X-XI)		-	-
(XIII)	<b>Profit/(loss) for the period (IX+XII)</b>		<b>210.03</b>	<b>(48.19)</b>
(XIV)	<b>Other Comprehensive Income</b>			
	(A) (i) Items that will not be reclassified to profit or loss: Remeasurement of the net defined benefit liability / asset, net		1.98	0.79
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.50)	(0.21)
	<b>Subtotal (A)</b>		1.48	0.59
	(B) (i) Items that will be reclassified to profit or loss: Profit on valuation of shares	5	324.87	66.85
	(ii) Income tax relating to items that will be reclassified to profit or loss		(29.38)	(13.90)
	<b>Subtotal (B)</b>		295.49	52.95
	<b>Other Comprehensive Income (A + B)</b>		296.97	53.53
(XV)	<b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>		<b>507.00</b>	<b>5.34</b>
(XVI)	<b>Earnings per equity share (for continuing operations)</b>			
	Basic (Rs.)		2.04	(0.48)
	Diluted (Rs.)		1.93	(0.48)
(XVII)	<b>Earnings per equity share (for discontinued operations)</b>			
	Basic (Rs.)		-	-
	Diluted (Rs.)		-	-
(XVIII)	<b>Earnings per equity share (for continuing and discontinued operations)</b>			
	Basic (Rs.)		2.04	(0.48)
	Diluted (Rs.)		1.93	(0.48)
<b>For and on behalf of the Board</b>		<b>As per our Report of even date</b>		
Sd/- <b>JAIJASH TATIA</b> Whole Time Director DIN. 08085029  Sd/- <b>SHOBA NAHAR</b> CFO Place: Chennai Date: 20.05.2022		Sd/- <b>HENNA JAIN</b> Director DIN. 08383395  Sd/ <b>VIDYALAKSHMI R</b> Company Secretary		
		For J V Ramanujam & Co Chartered Accountants FRN 002947S  Sd/ <b>CA SRI NARAYANA JAKHOTIA</b> Partner M No 233192		

<b>KREON FINANCIAL SERVICES LIMITED</b> Old No. 12, New No.29, Mookathal Street, Purasawalkkam, Chennai - 600 007. CIN: L65921TN1994PLC029317			
<b>CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31/03/2022</b> (Rs. in Lakhs)			
	No	As at 31st March 2022	As at 31st March 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax		210.01	(54.08)
Adjustments for:			
OCI- Actuarial Gain		1.98	0.79
Depreciation		4.69	7.37
Finance Costs		31.24	33.15
		<b>247.93</b>	<b>(12.77)</b>
<b>Operating Profit before working Capital Changes</b>			
Adjustments for:			
Decrease / (Increase) in Loans		(629.16)	163.61
Decrease / (Increase) in non-financial assets		0.06	(0.40)
Increase / (Decrease) in Other non-financial liabilities		4.12	(4.46)
Decrease / (Increase) in other financial assets		9.14	4.32
Increase / (Decrease) in Other payables		(13.87)	(4.08)
Increase / (Decrease) in other financial Liabilities		3.93	(7.09)
<b>Cash Flow from Operating activities</b>		<b>(377.84)</b>	<b>139.13</b>
Finance Costs paid		(3.33)	(33.15)
Income Tax (paid) / Refund		-	5.33
<b>Net Cash from Operating Activities</b>	<b>(A)</b>	<b>(381.17)</b>	<b>111.31</b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(4.64)	(0.12)
Payment towards intangible assets under development		(117.31)	(33.00)
<b>Cash Flow from Investment Activities</b>	<b>(B)</b>	<b>(121.96)</b>	<b>(33.12)</b>
<b>C.CASH FLOW FROM FINANCE ACTIVITIES</b>			
Proceeds from share warrants		498.75	-
Proceeds/(Repayment) from Borrowings (Net)		14.88	(14.69)
Investment in Bank Deposits		-	-
Redemption of Bank Deposits		-	1.58
<b>Cash Flow from Finance Activities</b>	<b>(C)</b>	<b>513.63</b>	<b>(13.11)</b>
<b>Increase / (Decrease) in cash and cash equivalent (A+B+C)</b>		<b>10.50</b>	<b>65.08</b>
Cash and cash Equivalents as at the beginning of the year		128.35	63.27
Cash and cash Equivalents as at the end of the year		138.85	128.35
<b>Net Increase/(Decrease) in Cash Balances</b>		<b>10.50</b>	<b>65.08</b>
<b>For and on behalf of the Board</b>		<b>As per our Report of even date</b>	
Sd/- <b>JAIJASH TATIA</b> Whole Time Director DIN. 08085029  Sd/- <b>SHOBA NAHAR</b> CFO  Place: Chennai Date: 20.05.2022		For J V Ramanujam & Co Chartered Accountants FRN 002947S  Sd/ <b>CA SRI NARAYANA JAKHOTIA</b> Partner M No 233192	
Sd/- <b>HENNA JAIN</b> Director DIN. 08383395  Sd/ <b>VIDYALAKSHMI R</b> Company Secretary			

M/s. KREON FINNANCIAL SERVICES LTD						
#29, Mookathal Street, Purasawalkkam, Chennai - 600 007						
CIN: L65921TN1994PLC029317						
STATEMENT OF CHANGES IN EQUITY						
(Rs. in Lakhs)						
A. Share Capital						
	Balance at the beginning of the reporting period	Changes in equity share capital during the year			Balance at the end of the reporting period	
Equity Share Capital	1006.10	52.50			1058.60	
Preference Share Capital	0.00	32.00			32.00	
TOTAL	1006.10	84.50			1090.60	
B. Other Equity						
Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Statutory Reserves	Capital Reserve	Securities Premium	Retained Earnings		
Balance as at March 31, 2021	21.02	-	270.98	(1,115.22)	9.96	(813.27)
Total Comprehensive Income/Loss	-	-	-	210.03	296.97	507.00
Premium created during the year	-	-	52.50	-	-	52.50
Transfer to General Reserve	42.00	-	-	(42.00)	-	0.00
Balance as at March 31, 2022	63.02	-	323.48	(947.20)	306.93	(253.77)
Note:Effect on OCI is on account of Remeasurement of the net defined benefit liability / asset and profit on valuation of Shares amounting to Rs.1.48 Lakhs and Rs.295.49 Lakhs respectively.						
Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Statutory Reserves	Capital Reserve	Securities Premium	Retained Earnings		
Balance as at March 31, 2020	21.02		270.98	(1067.03)	(43.57)	(818.60)
Total Comprehensive Income/Loss	-			(48.19)	53.53	5.34
Transfer to General Reserve	-			-	-	-
Balance as at March 31, 2021	21.02	-	270.98	(1115.22)	9.96	(813.27)
C. Money received against Warrants						
Particulars	Balance at the beginning of the reporting period	Changes during the year			Balance at the end of the reporting period	
Share Warrants	0.00	498.75			498.75	
For and on behalf of the Board				As per our Report of even date		
Sd/- JAIJASH TATIA Whole Time Director DIN. 08085029  Sd/- SHOBA NAHAR CFO  Place: Chennai Date:20.05.2022				Sd/- HENNA JAIN Director DIN. 08383395  Sd/ VIDYALAKSHMI R Company Secretary  For J V Ramanujam & Co Chartered Accountants FRN 002947S  Sd/ CA SRI NARAYANA JAKHOTIA Partner M No 233192		

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31st MARCH 2022

### BRIEF DESCRIPTION OF THE COMPANY AND ITS BUSINESS

**KREON FINANCIAL SERVICES LIMITED** is engaged primarily in financing activities along with investing in long term and short-term projects, securities, debt related instruments etc. Company is listed at Bombay Stock Exchange Ltd (BSE).

#### **Note 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- 1.1 The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) (as notified under the Companies (Indian Accounting Standards) Rules, 2015) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.
- 1.2 Use of Estimates: - The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income

#### **Note 2: SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 REVENUE RECOGNITION**

- a. Interest income on the loans granted is recognised on annual accrual basis and when no significant uncertainty as to collectability exists.
- b. In respect of other incomes, recognition is made under accrual system.

##### **2.2 PROPERTY, PLANT AND EQUIPMENT, DEPRECIATION & IMPAIRMENT**

- a. Property, Plant and Equipment are stated at cost of acquisition less depreciation.
- b. Depreciation provided on Property, Plant and Equipment on written down value method as per the rates specified in Schedule II of the Companies Act 2013.

##### **2.3 INTANGIBLE ASSETS**

Digital Lending Division has started developing a platform for furthering our digital, App based loan offerings. As the work being carried out is purely 'development' in nature and not falling under the research phase, as per Ind AS 38, all the directly attributable costs of this product development have been aggregated and shown against 'Intangible assets under development' under in the Balance Sheet.

An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognized, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

##### **2.4 INVESTMENTS**

Investments have been revalued based on fair market value at year end as specified under Ind AS and necessary impact has been recorded.



All equity investments are designated at Fair Value through Other Comprehensive Income (FVOCI). The fair value changes on the instrument, excluding dividends, are recognized in the OCI.

## **2.5 RETIREMENT BENEFITS**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service.

Company contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss when an employee renders the related service. Gratuity provision for the year is made based on actuarial valuation. Leave encashment is accounted on actual liability basis.

## **2.6 TAX ON INCOME**

- a. Tax on income for the current period is determined on the basis of Taxable income computed in accordance with the provisions of the Income Tax Act 1961. The company has adopted the new tax regime u/s 115BBA of Income Tax Act.
- b. Deferred Tax on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date as per the Ind AS laid down by the Institute of Chartered Accountants of India (ICAI).

## **2.7 EARNINGS PER SHARE (EPS)**

The basic earnings per share have been computed by dividing the net income attributable to equity shareholders by weighted average number of shares outstanding during the year.

The diluted earnings per share have been computed using weighted average number of shares adjusted for effects of all potentially dilutive equity shares.

## **2.8 IMPAIRMENT OF ASSETS**

The Company has carried out a review of assets, other than equity instruments, to determine any indications of impairment as on balance date as required under Ind AS combined with applicable provisions related to Non-Banking Financial Company as specified by Reserve Bank of India. Impairment loss is charged to the Profit and Loss Account in the year in which impairment in value of an asset is noticed. The Impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount. Equity Instruments at FVOCI are not subject to an impairment assessment.

## **2.9 LEASES**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses judgment in assessing whether a contract (or part of contract) include a lease, the lease term (including anticipated renewals), the applicable discount rate, variable lease payments whether are in-substance fixed.

The judgment involves assessment of whether the asset included in the contract is a fully or partly identified asset based on the facts and circumstances, whether the contract include a lease

and non-lease component and if so, separation thereof for the purpose of recognition and measurement, determination of lease term basis, inter alia the non-cancellable period of lease and whether the lessee intends to opt for continuing with the use of the asset upon the expiry thereof, and whether the lease payments are fixed are variable or a combination of both.

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The Company, as a lessor, classifies a lease either as an operating lease or a finance lease. Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## **2.10 BUSINESS SEGMENT**

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.

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.

Segment wise Revenue, Results, Assets and Liabilities		
For the year ended 31st March 2022		
(Rs. in lakhs )		
Particulars	As at 31st March 2022	As at 31st March 2021
<b>1. Segment Revenue</b>		
(a) Commercial Lending Division	192.88	112.13
(b) Digital Lending Division – StuCred	236.01	59.41
<b>Net sales/Income From Operations</b>	<b>428.90</b>	<b>171.54</b>
<b>2. Segment Results (Profit)(+)/ Loss (-) before tax from Each segment)</b>		
(a) Commercial Lending Division	204.07	110.17
(b) Digital Lending Division – StuCred	5.94	(164.26)
<b>Total Profit Before Tax</b>	<b>210.01</b>	<b>(54.09)</b>
<b>3. Segment Assets</b>		
(a) Commercial Lending Division	2509.08	1453.56
(b) Digital Lending Division – StuCred	609.78	192.07
(c) Inter Segment Assets	(1053.55)	(652.90)
<b>Total Segment Assets</b>	<b>2065.31</b>	<b>992.73</b>
<b>4. Segment Liabilities</b>		
(a) Commercial Lending Division	699.00	778.31
(b) Digital Lending Division – StuCred	1084.28	674.49
(c) Inter Segment Liabilities	(1053.55)	(652.90)
<b>Total Segment Liabilities</b>	<b>767.93</b>	<b>799.90</b>

## 2.11 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.12 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing, and financing activities of the Company are segregated based on the available information.

(Rs. in Lakhs)		
Note 3: Cash and cash equivalents	As at 31st March 2022	As at 31 <sup>st</sup> March 2021
(i) Cash on hand	48.01	0.35
(ii) Balances with Banks (of the nature of cash and cash equivalents)	90.85	128.01
(iii) Cheques, drafts on hand	-	-
<b>Total</b>	<b>138.86</b>	<b>128.36</b>

(Rs. in Lakhs)		
Note 4: Loans	As at 31st March 2022	As at 31 <sup>st</sup> March 2021
<b>Carried at amortised cost</b>		
Loans Payable on demand *	1,311.67	680.50
Less : Provision for NPA <i>considered at 10% of loans overdue for more than 6 months for current year</i> <i>considered at 100% of loans overdue for more than 6 months for previous year</i>	5.05	4.61
Less : Provision for Standard Assets made <i>@ 0.25% on loan book of Rs. 1,26,1.17 Lakhs, considered good</i>	3.15	1.59
<b>Total</b>	<b>1,303.46</b>	<b>674.31</b>

\*Unsecured loans advanced within India to private sector entities including individuals, private and public limited companies.

Note 5: Investments at Fair Value through Other Comprehensive Income					
	(Rs. in Lakhs)				
	31.03.2022			31.03.2021	
I. Equity Instruments- Quoted	Qty	Market Value	Cost	Qty	Market Value
Apollo Hospital Ltd	20	0.90	0.21	20	0.58
Arihant foundation ltd	11	0.00	0.01	11	0.00
Beckon Inds ltd	500	0.00	0.00	500	0.00
BGR energy Ltd	1	0.00	0.00	1	0.00
Cals Refineries Ltd	1,50,000	0.15	0.15	1,50,000	0.15
Cera Sanitarwar	2	0.10	0.07	2	0.08
CNI Research Ltd	1,000	0.02	0.03	1,000	0.02
Dabur India Ltd	200	1.07	0.65	200	1.08
DLF Limited	11	0.04	0.02	11	0.03
GMR Infrastructure Ltd	10	0.00	0.00	10	0.00
Gokul Agro Resources Ltd	1	0.00	-	1	0.00
Gokul Refoil Ltd	1	0.00	0.00	1	0.00
GVK Power & Infrstucture Ltd	10	0.00	0.00	10	0.00
IFICI Ltd	15,200	1.69	3.00	15,200	1.83
J I K Industries Ltd	210	0.00	0.00	210	0.00
Karturi Global Ltd	1,110	0.00	-	1,110	0.00
King fisher Airline ltd	24,200	0.00	-	24,200	0.00
Kohinoor Food ltd	10	0.00	0.01	10	0.00
K.S.oil	1,000	0.00	-	1,000	0.00
Lovable Lingerie Ltd	10	0.01	0.02	10	0.01
Marg Ltd	10	0.00	0.00	10	0.00
Medione global Entertainment Ltd	1	0.00	0.00	1	0.00
MRF Ltd	1	0.65	0.72	1	0.82
Munoth Financial Ltd	100	0.00	0.01	100	0.02
Power Soft Ltd	400	0.00	-	400	0.00
ONGC Ltd	60	0.10	0.07	60	0.06
Page Insustries Ltd	10	4.32	2.27	10	3.03
Reliance Com Ltd	10	0.00	0.00	10	0.00
Reliance Industries Ltd	4	0.11	0.01	4	0.08
Reliance power Ltd	25	0.00	-	25	0.00
Rupa Company ltd	100	0.44	0.37	100	0.31
Rural Electrification Ltd Rec	6	0.01	0.00	6	0.01
Sesa Sterlite Ltd/ VedantaLtd	10	0.04	0.03	10	0.02
Shree Asthivinayak Ltd	100	0.00	0.00	100	0.00
Spicejet ltd	3,600	1.96	4.51	3,600	2.50
TT Ltd	500	0.51	0.41	500	0.23
Tata Investments Ltd	10	0.14	0.07	10	0.10
Tata Teleservices Ltd	113	0.19	0.01	113	0.02
Tatia Global Vennture Ltd	1,23,81,985	416.03	61.91	1,23,81,985	89.15
The Ramco Cements	500	3.85	1.14	500	5.02
Timbor Home Ltd	500	0.00	0.01	500	0.01
Vijayshanthi Builders ltd	61,010	0.00	10.34	61,010	2.30
<b>Total A</b>	<b>126.43</b>	<b>432.33</b>	<b>86.06</b>	<b>126.43</b>	<b>107.47</b>
<b>Profit on Equity Instruments - Other Comprehensive Income</b>		<b>324.87</b>			
Note : All Investments are in India					

(Rs. in Lakhs)		
<b>Note 6: Other Financial Assets</b>	<b>As at 31st March 2022</b>	<b>As at 31<sup>st</sup> March 2021</b>
(i) Rent Deposits	1.65	1.65
(ii) Telephone Deposit	0.02	0.02
(iii) GST Input	0.66	10.60
(iv) Advances to Vendors	2.37	1.68
<b>Total</b>	<b>4.69</b>	<b>13.95</b>

(Rs. in Lakhs)		
<b>Note 7: Non-Current Asset held for sale</b>	<b>As at 31st March 2022</b>	<b>As at 31<sup>st</sup> March 2021</b>
(i) Held for sale- Bullion	4.60	4.60
<b>Total</b>	<b>4.60</b>	<b>4.60</b>
Bullion is measured at lower of cost and fair value. Fair value as at 31.03.2022 - Rs.17.97 Lakhs (Previous Year - Rs. 15.42 Lakhs)		

(Rs. in Lakhs)		
<b>Note 8: Current Tax Assets (Net)</b>	<b>As at 31st March 2022</b>	<b>As at 31<sup>st</sup> March 2021</b>
(i) Income Tax Refund Due	7.41	7.02
(ii) TDS Receivable	6.96	7.40
(iii) Provision for Taxation	0.00	0.00
<b>Total</b>	<b>14.36</b>	<b>14.42</b>

<b>Note 9: Property, Plant &amp; Equipment</b>					
The changes in carrying value of Property, Plant & Equipment for the year ended 31 March 2022 are as follows:					
	(Rs. in Lakhs)				
Particulars	Furniture & Fittings	Motor Car	Office Equipment	Computer & Peripherals	Total
Gross Carrying value as at 01 April 2018	0.64	30.19	-	0.45	31.28
Add: Additions	0.35		3.23	14.60	18.18
Less: Deletions	-	-	-	-	-
<b>Gross carrying value as at 31 March 2019</b>	<b>0.99</b>	<b>30.19</b>	<b>3.23</b>	<b>15.05</b>	<b>49.46</b>
Add: Additions	0.64	-	0.25	5.28	6.17
Less: Deletions	-	-	-	-	-
<b>Gross carrying value as at 31 March 2020</b>	<b>1.63</b>	<b>30.19</b>	<b>3.47</b>	<b>20.33</b>	<b>55.63</b>
Add: Additions	0.12	-	-	-	0.12
Less: Deletions	-	-	-	-	-
<b>(A) Gross carrying value as at 31 March 2021</b>	<b>1.76</b>	<b>30.19</b>	<b>3.47</b>	<b>20.33</b>	<b>55.75</b>
Add: Additions	-	-	1.59	3.06	4.64
Less: Deletions	-	-	-	-	-
<b>(A) Gross carrying value as at 31 March 2022</b>	<b>1.76</b>	<b>30.19</b>	<b>5.06</b>	<b>23.39</b>	<b>60.39</b>
<b>Accumulated Depreciation/amortisation and impairment</b>					
Accumulated Depreciation as at 31 March 2018	0.15	10.85	-	0.20	11.20
Depreciation for the year	0.15	6.04	0.25	7.35	13.79
Accumulated Depreciation on Deletions	-	-	-	-	-
<b>Accumulated Depreciation as at 31 March 2019</b>	<b>0.29</b>	<b>16.89</b>	<b>0.25</b>	<b>7.55</b>	<b>24.99</b>
Depreciation for the year	0.29	4.15	0.55	6.85	11.84
Accumulated Depreciation on Deletions	-	1-	-	-	-
<b>Accumulated Depreciation as at 31 March 2020</b>	<b>0.58</b>	<b>21.04</b>	<b>0.81</b>	<b>14.40</b>	<b>36.83</b>
Depreciation for the year	0.28	2.86	0.48	3.75	7.37
Accumulated Depreciation on Deletions	-	-	-	-	-
<b>Accumulated Depreciation as at 31 March 2021</b>	<b>0.86</b>	<b>23.90</b>	<b>1.29</b>	<b>18.15</b>	<b>44.20</b>
Depreciation for the year	0.23	1.97	0.43691	2.06	4.69
Accumulated Depreciation on Deletions	-	-	-	-	-
<b>(B) Accumulated Depreciation as at 31 March 2022</b>	<b>1.09</b>	<b>25.86</b>	<b>1.73</b>	<b>20.20</b>	<b>48.89</b>
<b>Net Carrying amount</b>					
Carrying value as at 31 March 2019	0.70	13.30	2.97	7.50	24.47
Carrying value as at 31 March 2020	1.05	9.16	2.67	5.93	18.81
Carrying value as at 31 March 2021	0.89	6.30	2.18	2.18	11.56
<b>(C) Carrying value as at 31 March 2022 (A-B)</b>	<b>0.66</b>	<b>4.33</b>	<b>3.33</b>	<b>3.18</b>	<b>11.51</b>



Note 9A: Intangible Assets under development		(Rs. In Lakhs)
Particulars	As at 31st March 2022	As at 31st March 2021
Product under development *	150.32	33.00
<b>Total</b>	<b>150.32</b>	<b>33.00</b>
*Digital Lending Division continues to incur development costs for building a new platform for offering loans through an 'app'. During the year, development costs of Rs. 117.31 Lakhs was incurred and apportioned, representing all the directly attributable costs of this product development, in terms of Ind AS 38. The project is expected to go live in FY 2022-23.		

(Rs. in Lakhs)		
Note 10: Borrowings other than debt securities	As at 31st March 2022	As at 31st March 2021
<b>Carried at Amortised Cost</b>		
Unsecured Demand Loans from Related Parties in India	657.19	751.40
<b>Total</b>	<b>657.19</b>	<b>751.40</b>
Note: All these loans are for a tenor of one year and are renewable. Two of company's loan creditors viz. Jinpaad Developers Pvt Ltd and Jaijash Tatia have gotten their loans converted to shares. Further, Opti Products Pvt Ltd have decided to convert their loan outstandings as at February 2021 into shares and have also decided to waive the interest due for the Current year (FY 2021-22) amounting to Rs. 2,732.56 and consequently no interest is provided for the said loans from these parties in FY 2021-22.		

(Rs. in Lakhs)		
Note 11: Other Financial Liabilities	As at 31st March 2022	As at 31st March 2021
<b>1. Provisions</b>		
(i) Salary Payable	12.16	10.96
(ii) Audit Fees Payable	0.25	0.25
(iii) Liability for Expenses	4.82	2.09
<b>Total</b>	<b>17.23</b>	<b>13.30</b>

(Rs. in Lakhs)		
Note 12: Deferred Taxes	As at 31st March 2022	As at 31st March 2021
<b>(i) Deferred Tax Liability</b>		
Impact of difference depreciation charged for financial reporting, against the tax calculations	(2.91)	(3.26)
Impact of difference on account of appreciation of Share Investments	41.41	12.03
Impact of difference on account of Gratuity Valuation	(1.19)	(0.83)
Impact of difference on account of Actual Gain on Gratuity Valuation	0.70	0.21
<b>Total</b>	<b>38.02</b>	<b>8.15</b>

(Rs. in Lakhs)		
<b>Note 13: Other Non-Financial Liabilities</b>	<b>As at 31st March 2022</b>	<b>As at 31st March 2021</b>
(i) Provision for Gratuity Benefits Liability	1.84	2.39
(ii) TDS Payable	3.64	3.04
(iii) GST Payable	4.31	0.23
(iv) EPF Payable	0.77	0.77
(v) ESI Payable	0.01	0.01
<b>Total</b>	<b>10.57</b>	<b>6.45</b>

Note 14: Share Capital		(Rs. in Lakhs)	
Sr. No	Particulars	As at 31st March 2022	As at 31st March 2021
1	<b><u>AUTHORISED CAPITAL</u></b> 2,50,00,000 Equity Shares of Rs. 10/- each (Previous Year 2,00,00,000 Equity Shares of Rs.10/- each) 50,00,000 Preference shares of Rs.10/- each)	2,500.00  500.00 <b>3,000.00</b>	2,000.00  - <b>2,000.00</b>
2	<b><u>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</u></b> 1,05,86,000 Equity Shares of Rs. 10/- each 3,20,000 Preference shares of Rs.10/- each	1,058.60 32.00 <b>1,090.60</b>	1,006.10 - <b>1,006.10</b>
	<b><u>Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</u></b>		
	<b><u>Equity Shares</u></b>		
	<b>At the beginning of the reporting period</b>	100.61	100.61
	<b>Issued during the year</b>	5.25	-
	-3,75,000 Equity shares to Jaijash Tatia -1,50,000 Equity shares to Jinpaad developers Pvt Ltd		
	<b>At the end of the reporting period</b>	<b>105.86</b>	<b>100.61</b>
	<b><u>Preference Shares</u></b>		
	<b>At the beginning of the reporting period</b>	0.00	0
	<b>Issued during the year</b>	3.20	0
	-3,20,000 Preference shares to Jinpaad Developers Pvt Ltd		
	<b>At the end of the reporting period</b>	<b>3.20</b>	<b>0.00</b>
	<b>Money Received against Share Warrants</b>	498.75	-
		<b>498.75</b>	<b>-</b>
	*95 Lakhs Share Warrants were issued during the year against which equity shares at the price of Rs. 21 per share would be issued at a future date before July 2023.		

Details of shareholders holding more than 5% shares in the company			(Rs. in Lakhs)	
Name of shareholder	No. of shares held		No. of shares held	
	As at 31.03.2022	% of holding	As at 31.03.2021	% of holding
Tatia Global Vennture Limited	19.50	18.42	19.50	19.38
Subh Labh Infrastructure Private Limited	17.60	16.62	17.60	17.49
Ashram Online.Com Ltd	9.53	9.00	9.53	9.47
Jaijash Tatia	9.98	9.43	6.23	6.20
Bharat Jain Tatia	5.50	5.20	5.50	5.47
Chandrakantha Tatia	5.05	4.77	5.05	5.02
<b>Total</b>	<b>67.16</b>	<b>63.44</b>	<b>63.41</b>	<b>63.03</b>

NOTES ON STATEMENT OF PROFIT & LOSS		
<b>Note 15: Financial Receipts</b>	<b>(Rs. in Lakhs)</b>	
On Financial Assets measured at Amortised Cost		
Particulars	As at 31st March 2022	As at 31st March 2021
Loans	146.18	111.92
Deposits with Banks	0.29	0.15
<b>Total</b>	<b>146.46</b>	<b>112.07</b>
<b>Note 16: Other Income</b>	<b>(Rs. in Lakhs)</b>	
Particulars	As at 31st March 2022	As at 31st March 2021
Interest on IT refund	0.41	0.13
Bad debts Recovered	29.91	-
Forfeited Amount	16.25	-
<b>Total</b>	<b>46.57</b>	<b>0.13</b>
<b>Note 17: Finance Costs</b>	<b>(Rs. in Lakhs)</b>	
On Financial Liabilities carried at Amortised Cost		
Particulars	As at 31st March 2022	As at 31st March 2021
Interest on		
- Loans	27.91	32.26
- Others	-	-
Collection Charges	7.79	0.76
Finance Charges	3.33	0.90
<b>Total</b>	<b>39.04</b>	<b>33.91</b>
<b>Note 18: Employee Benefits Expenses</b>	<b>(Rs. in Lakhs)</b>	
Particulars	As at 31st March 2022	As at 31st March 2021
Salaries and wages	51.41	117.76
EPF Expenses	1.56	4.26
ESI Expenses	0.02	0.16
Gratuity	1.44	1.55
Staff welfare expenses	0.87	0.50
<b>Total</b>	<b>55.30</b>	<b>124.23</b>
<b>Note 19: Other expenses</b>	<b>(Rs. in Lakhs)</b>	
Particulars	As at 31st March 2022	As at 31st March 2021
Auditor's fees and expenses	0.25	0.30
Communication Costs	0.68	0.44
Customer Care & Compliance Expenses	12.90	4.30
Director's fees, allowances and expenses	0.36	0.31
Insurance	0.52	0.70
Legal and Professional Charges	9.62	20.38
Listing and Filing Fees	18.57	8.23
Marketing Expenses	52.86	11.32
Provision for NPA	0.44	(5.21)
Provision for Standard Assets	1.57	(0.51)
Rent, taxes and energy costs	5.50	3.37
Repairs and maintenance	2.27	1.14
Postage and Courier	0.02	0.01
Printing and stationery	1.17	0.23
Technology Expenses	4.81	13.33
Travelling & Conveyance	0.34	0.42
Other expenditure	1.43	1.47
<b>Total</b>	<b>113.30</b>	<b>60.25</b>

**Note 20: CAPITAL MANAGEMENT**

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The Company's capital management objective is to maximize the total shareholder return by optimizing cost of capital through flexible capital structure that supports growth.

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.

**(Rs in lakhs)**

<b>Gearing Ratio:</b>	<b>31st March 2022</b>	<b>31st March 2021</b>
Debt	657.19	751.39
Less: Cash and bank balances	138.86	128.35
<b>Net debt</b>	<b>518.32</b>	<b>623.04</b>
Total equity*	1335.58	192.83
Net debt to total equity ratio	<b>0.39</b>	<b>3.23</b>

\*Total equity includes Rs. 498.75 lakhs for share warrants issued during the year 2021-22.

**Note 21: WARRANTS & COMPULSORILY CONVERTIBLE PREFERENCE SHARES (CCPS) CONVERSION**

During the Year company has made a preferential allotment of 95 Lakhs warrants at a price of Rs.21/- per warrant, aggregating to an amount of Rs. 1995.00 Lakhs to the following allottees. 25% of the amount was received on 24 January 2022.

<b>S. No</b>	<b>Name</b>	<b>Category (Promoter/Non-Promoter)</b>	<b>Number of warrants allotted</b>
1	Mr. Jaijash Tatia	Promoter	30,00,000
2	Ms. Henna Jain	Promoter	30,00,000
3	Mr. Salil Bansal	Non - Promoter	10,00,000
4	Mr. Ramesh Nahar	Non - Promoter	1,50,000
5	M/s. B. Rameshchand Nahar and Sons HUF	Non - Promoter	4,00,000
6	M/s. Bhawarlal Rameshchand Sons HUF	Non - Promoter	2,00,000
7	Mrs. Nirmala Nahar	Non - Promoter	2,50,000
8	Mrs. Sapna Parekh	Non - Promoter	5,00,000
9	Mr. Kulin Shantibhai Vora	Non - Promoter	3,50,000
10	Mr. Rocky Rasiklal Vora	Non - Promoter	3,50,000
11	Mr. Bhogilal Mavji Vora	Non - Promoter	3,00,000

**Loan conversion to CCPS**

Loan outstanding amount of Rs. 62 lakhs by M/s Jinpaad Developers Pvt Ltd was converted into CCPS of face value of Rs. 10/- (Rupees Ten only).

Out of the above 3,00,000 (Three lakhs) CCPS of face value of Rs. 10/- (Rupees Ten only) each was converted into 1,50,000 (One Lakh Fifty Thousand) Equity Shares at a face value of Rs. 10/- (Rupees

Ten only) each and at a premium of Rs. 10/- (Rupees Ten only) each on preferential basis with the approval of board in the Meeting held on 30.03.2022.

#### Loan Conversion to Equity

During the year, loan outstanding amount of Rs.75 lakhs by Mr. Jaijash Tatia was converted into 3,75,000 equity shares @ Rs.20/- (at Face value of Rs.10/- and at a premium of Rs.10/- each)

#### Waiver of interest payable on Opti Products Loan Amount

Interest has not been considered on loan amount of Rs. 364.34 Lakhs from Opti Products Pvt Ltd in line with the arrangement to convert the loan into CCPS. But for this arrangement would have provided interest to the tune of Rs. 27.33 lakhs.

#### Note 22: SHARE CAPITAL & PROMOTER'S SHAREHOLDING

DISCLOSURE OF SHAREHOLDING OF PROMOTERS AS AT 31<sup>ST</sup>MARCH 2022 IS AS FOLLOWS:

#### Note 23: 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.

Particulars			Shares held by Promoter as at 31.03.2022		Shares held by Promoter as at 31.03.2021		% Change during the year
S.No	Promoter Name	Class of Shares	No. of Shares (in Lakhs)	% of total share	No. of Shares (in Lakhs)	% of total share	
1	Tatia Global Vennture Limited	Equity Shares	19.50	18.42	19.50	19.38	-0.96
2	Ashram online .com Ltd	Equity Shares	9.53	9.00	9.53	9.47	-0.47
3	Jaijash Tatia	Equity Shares	9.98	9.43	6.23	6.20	3.23
4	Bharat Jain Tatia	Equity Shares	5.50	5.20	5.50	5.47	-0.27
5	Chandrakantha Tatia	Equity Shares	5.05	4.77	5.05	5.02	-0.25
6	Jinpaad Developers Private Limited	Equity Shares	1.50	1.42	0	0	1.42
7	Pannalal Tatia	Equity Shares	0.001	0	0.001	0	0

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

##### *Loan receivables*

Credit risk refers to the risk of default on the receivables to the Company that may result in financial loss. The maximum exposure from unsecured loan receivables amounted to Rs.1,311.66 lakhs as of March 31, 2022 (Rs. 680.50 lakhs and Rs. 837.92 lakhs as of March 31, 2021 and 2020, 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.

*Cash and cash equivalents and deposits with banks*

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings. Therefore, the risk of default is considered to be insignificant.

**SUMMARY OF EXPOSURES TO FINANCIAL ASSETS PROVIDED BELOW:**

(Rs in Lakhs)		
Financial assets	Exposure	
	31st March 2022	31st March 2021
Investments	432.33	107.47
Loans	1,303.46	674.31
Cash and cash equivalents	138.86	128.36
FD with Bank	5.18	5.06
Non-Current Asset- held for sale	4.60	4.60
Other Financial Assets	4.69	13.95
<b>Total</b>	<b>1,889.13</b>	<b>933.75</b>

As at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

Particulars	Total	Carrying Amount			Fair Value Measurement Using			
		FVPTL	FVTO CI	Amortised Cost	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial Assets</b>								
Cash and Cash Equivalent	138.86	-	-	138.86	-	-	-	-
Other Bank Balance	5.18	-	-	5.18	-	-	-	-
Non- Current Investments (Excluding investment in subsidiaries)	-	-	-	-	-	-	-	-
Current Investments	432.33	-	432.33	-	432.33	432.33	-	-
Other Non-Current Financial Assets	4.60	-	-	4.60	-	-	-	-
Trade Receivables	2.37	-	-	2.37	-	-	-	-
Other Current financial Assets	1308.15	-	-	1308.15	-	-	-	-



As at 31st March 2021

(Rs.in Lakhs)

Particulars	Total	Carrying Amount			Fair Value Measurement Using			
		FVPTL	FVTOCI	Amortised Cost	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial Assets</b>								
Cash and Cash Equivalent	128.36			128.36			-	-
Other Bank Balance	5.06			5.06			-	-
Non- Current Investments (Excluding investment in subsidiaries)							-	-
Current Investments	107.47		107.47		107.47	107.47	-	-
Other Non-Current Financial Assets	4.60			4.60			-	-
Trade Receivables	2.37			2.37			-	-
Other Current financial Assets	688.25			688.25			-	-

**Provision for expected credit losses***Financial assets for which loss allowance is measured using life time expected credit losses*

The management has analyzed the unimpaired amounts that are past due by more than 180 days but is confident that these amounts are good and receivable in full, based on historical payment behavior and extensive analysis of customer credit risk.

**Classification**

- Loans where principal and/or interest are past overdue for more than 6 months are treated as NPA
- An NPA account will be considered as sub-standard for a period of 18 months from the date it is classified as NPA.
- A sub-standard asset which remains outstanding for more than 18 months will be treated as Doubtful Asset.

**Provisioning**

- 10% on the aggregate of 'sub-standard' loan accounts
- 100% on the aggregate of 'doubtful' loan accounts when there the loan account is not covered by any security. As a matter of prudence, doubtful assets are fully written off instead of providing for the same.

Provision for NPA to the tune of Rs. 5.05 Lakhs have been recognized at the year-end date in respect of student loan receivables. The same has been calculated on the standard prescribed rate of recognition for loans which are due for more than 180 days. For loans given to the Students through the 'StuCred' App, the defaulters are being updated as per the terms of contract. During the previous FY 2020-21, the year-end provision stood at Rs. 4.61 Lakhs.

During the year, the company identified Doubtful Assets to the tune of Rs 6.56 lakhs and the same have been written off as bad debts.

Further Provision on Standard assets to the tune of Rs 3.15 lakhs have been considered at the year-end date.

#### Ageing analysis of Loan receivables

As a policy, the Company does an ageing analysis of Loans, the details of which is below:

As on 31<sup>st</sup> March 2022

(Rs. In Lakhs)

Particulars for FY 2021-22	Outstanding for following periods from due date of payments					
	Less than 6 months	6 Months- 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed trade Receivables – Considered good	1236.62	24.55	-	-	-	1261.17
Undisputed trade Receivables – Considered Doubtful	-	-	26.12	8.95	15.43	50.50
Disputed trade Receivables - Considered good	-	-	-	-	-	-
Disputed trade Receivables - Considered Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>1236.62</b>	<b>24.55</b>	<b>26.12</b>	<b>8.95</b>	<b>15.43</b>	<b>1311.67</b>

As on 31<sup>st</sup> March 2021

(Rs. In Lakhs)

Particulars for FY 2020-21	Outstanding for following periods from due date of payments					
	Less than 6 months	6 Months- 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed trade Receivables – Considered good	652.28	6.49	-	-	-	658.77
Undisputed trade Receivables – Considered Doubtful	-	-	13.70	7.40	0.63	21.73
Disputed trade Receivables - Considered good	-	-	-	-	-	-
Disputed trade Receivables - Considered Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>652.28</b>	<b>6.48</b>	<b>13.70</b>	<b>7.40</b>	<b>0.63</b>	<b>680.50</b>

#### 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.

#### Maturities of financial liabilities

The following are the contractual maturities (principal and interest in the case of loan) of non-derivative financial liabilities, based on contractual cash flows:

As on 31<sup>st</sup> March 2022

(Rs. In Lakhs)

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
MSME	1.01	-	-	-	1.01
Others	662.90	-	-	-	662.90
Disputed Dues -MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-
<b>Total</b>	<b>663.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>663.91</b>

Out of the above, the company is looking at converting Loan Book of Rs. 364.34 lakhs into Equity and Preference Shares and is taking appropriate measures for the same.

As on 31<sup>st</sup> March 2021

(Rs. In Lakhs)

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
MSME	0.54	-	-	-	0.54
Others	771.45	-	-	-	771.45
Disputed Dues -MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-
<b>Total</b>	<b>771.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>771.99</b>

### 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. At the reporting date the interest rate profile of the Company's interest-bearing financial assets is as follows:

(Rs.in lakhs)

Particulars	31st March2022	31st March2021
Financial Assets	1,311.67	680.50
Fixed rate instruments	5.18	5.06
	<b>1,316.85</b>	<b>685.56</b>
Financial Liabilities	-	-
Fixed rate instruments	-	-
Borrowings	657.19	751.40

**Fair value sensitivity analysis for fixed-rate instruments**

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.

**Equity price risk**

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

**Note 24: BORROWINGS FROM BANKS & FI**

The company doesn't have any borrowings from banks/FI and no corresponding report is required to be filed in relation to the same.

**Note 25: RECEIVABLES AND PAYABLES**

The receivables and payables as stated in Current Assets, Loans and Advances and Current Liabilities and in the opinion of the management have a value and realization equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities and doubtful debts has been made by the company.

**TRADE PAYABLES AGEING SCHEDULE FOR FY 2021-22**

(Rs in lakhs)

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
MSME	1.01	-	-	-	1.01
Others	5.72	-	-	-	5.72
Disputed Dues -MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

**TRADE PAYABLES AGEING SCHEDULE FOR FY 2020-21**

(Rs in lakhs)

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
MSME	0.54	-	-	-	0.54
Others	20.06	-	-	-	20.06
Disputed Dues -MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

**Note 26: RECEIVABLES UNDER FINANCING ACTIVITY AND PROVISIONING/WRITE-OFF OF ASSETS**

Receivables under financing activity represent principal and accrued Interest outstanding at the close of the year but net of amount written off.

The provisioning/write-off on overdue assets is as per the Management estimates, subject to the minimum provision required as per the NBFC Master Directions.

The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary including by

accelerating provision to an early stage based on past experience, emerging trends and estimates which is disclosed under 'Long-term provisions' in the financial statements. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the NBFC Master Directions.

Contingent provision against standard asset, as required by the NBFC Master Directions, is also made by the Company on the standard assets outstanding which is disclosed under 'Other Non-current Liabilities' in notes to the financial statements.

**Note 27: BENAMI TRANSACTIONS/PROPERTY**

No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

**Note 28: REGISTRATION OF CHARGE CREATION ON PROPERTY**

The company has no charge on its receivables and hence, there are no related registration compliances involved.

**Note 29: UNDISCLOSED INCOME**

The company doesn't have any current or previous transactions that have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 196.

**Note 30: REVALUATION OF PLANT, PROPERTY AND EQUIPMENT**

There was no revaluation of assets during the year 2021-22.

**Note 31: WILLFUL DEFAULTER**

The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

**Note 32: TRANSACTIONS WITH STRUCK OFF COMPANIES**

The company doesn't have any transactions with struck off companies.

**Note 33: SCHEME OF ARRANGEMENT**

The company doesn't have any scheme of arrangements to disclose during the year 2021-22.

**Note 34: DUES TO SMEs**

Management has determined that there were no balances outstanding as at the beginning of the year and transactions entered with micro, small and medium enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, during the current year were complied with appropriate regulations, based on the information available with the company as at March 31, 2022.

As on 31 March 2022, the company had an overdue outstanding of Rs. 1.02 lakhs to a MSME vendor owing to deliverables not fulfilled by the vendor. The company is in negotiation over the related pricing.

**Note 35: RATIOS OF COMPANY**

Type of Ratios	2021-22	2020-21	% Variance	Reason for Variance greater than 25%
Debt service Coverage Ratio (%)	36.92	-1.92	2022.92	Due to increase in profitability and higher repayments during the year
Return on Equity (%) *	15.72	-28.05	156.04	Variance due to profitability during the year
Net capital Turnover Ratio (%)	36.68	119.48	-69.30	Variance is owing to substantial increase in current assets
Net Profit Ratio (%)	48.96	-31.50	255.42	Variance owing to increase in profit owing to growing turnover and expenses met judiciously
Return on capital Employed (%) *	11.94	-2.31	616.89	Increase in Ratio is on account of rise in profitability
Current Ratio (%)	260.22	117.96	120.60	Increase in ratio owing to substantial growth in loan disbursed and outstanding
Debt Equity Ratio (%)	49.21	389.67	-87.37	Decrease is due to repayment of debt along with substantial equity raised during the year
Trade Receivables Ratio (%)	316.74	100.10	216.42	Increase is owing to growth in loan disbursements
Trade Payables Ratio (%)	61.37	17.60	248.75	Increase is owing to substantial reduction in closing outstanding loans
Return on Investment (%) *	0.07	0.06	16.67	No major variance

\*Total equity/capital employed includes Rs. 498.75 lakhs for share warrants issued during the year 2021-22.

**Note 36: DEFINED BENEFIT PLANS (GRATUITY)**

The Company got its Provision for Gratuity calculated by Actuaries in consistency with the requirements of Indian Accounting Standard (Ind AS) 19.

The Actuarial Value of Defined Benefit Obligation basis certain assumptions is Rs. 1.84 lakhs.

The amount provided in Balance Sheet as 'Provision towards Gratuity Benefits Liability' as at 31 March 2022 is Rs. 1.84 lakhs.

As per Indian accounting standard 19 "Employee Benefits", the disclosures as defined are given below.

Funded status of the Plan	(Rs. in Lakhs)	
Particulars	31st March 2022 (12 Months)	31st March 2021 (12 Months)
Present value of un funded obligations	1.84	2.39
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Un recognized Past Service Cost	-	-
<b>Net Liability (Asset)</b>	<b>1.84</b>	<b>2.39</b>

Profit & Loss for the period	(Rs. in Lakhs)	
Particulars	31st March2022 (12 Months)	31st March2021 (12 Months)
Current service cost	1.26	1.43
Interest on obligation	0.17	0.11
Expected return on plan assets	-	-
<b>Net actuarial loss/ (gain)</b>	<b>(1.98)</b>	<b>(0.79)</b>
Recognized Past Service Cost-Vested	-	-
Recognized Past Service Cost-Unvested	-	-
Loss/(gain)on curtailments and settlement	-	-
<b>Total included in 'Employee Benefit Expense'</b>	<b>(0.55)</b>	<b>(0.75)</b>

Reconciliation of net defined benefit liability	(Rs. in lakhs)	
Particulars	31st March2022 (12 Months)	31st March2021 (12 Months)
Net opening provision in books of accounts	2.39	1.63
Transfer in / (out)obligation	-	-
Transfer(in)/out plan assets	-	-
Employee Benefit Expense as per3.2	(0.55)	0.76
	<b>1.84</b>	<b>2.39</b>
Benefits paid by the Company	-	-
Contributions to plan assets	-	-
<b>Closing provision in books of accounts</b>	<b>1.84</b>	<b>2.39</b>

Reconciliation of defined benefit obligation	(Rs. in lakhs)	
Particulars	31st March2022 (12 Months)	31st March2021 (12 Months)
Opening Defined Benefit Obligation	2.39	1.63
Transfer in/(out)obligation	-	-
Current service cost	1.26	1.44
Interest cost	0.16	0.11
<b>Actuarial loss(gain)</b>	<b>(1.98)</b>	<b>(0.79)</b>
Past service cost	-	-
Loss(gain)on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefit paid from fund	-	-
Benefits paid by company	-	-
<b>Closing Defined Benefit Obligation</b>	<b>1.84</b>	<b>2.39</b>

Bifurcation of Liability	(Rs. in lakhs)	
Particulars	31st March2022 (12 Months)	31st March2021 (12 Months)
Current Liability	0.02	0.004
Non-Current Liability	1.82	2.39
<b>Net Liability (Asset)</b>	<b>1.84</b>	<b>2.39</b>



**Note 37: FOREIGN CURRENCY EARNINGS & TRANSACTION**

Forex outflow on purchase of / subscription to software – Rs. 10.50 lakhs. During the period 2020-21, there was an outflow of Rs. 9.55 lakhs. During the period 2021-22, the Company doesn't have any Foreign Exchange Earnings.

**Note 38: CONTINGENT LIABILITIES AND CAPITAL CONTRACTS**

During the year, 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 fulfillment 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.

**Note 39: CRYPTO CURRENCY**

The Company has not traded/invested in Crypto currency or Virtual Currency during the financial year.

**Note 40: LEASES**

The Company incurred Rs. 3 Lakhs for the year ended March 31, 2022 (March 31, 2021- Rs. 3 Lakhs) towards expenses relating to short-term leases. Lease rent incurred and recoverable from employees and not falling under the scope of IND AS 116 amounted to ₹ 0/- (March 31, 2021 ₹ 0/-). The total cash outflow for leases is ₹ 3 Lakhs for the year ended March 31, 2022 (March 31, 2021 ₹ 3 Lakhs), including cash outflow of short-term leases and lease rent recoverable from employees.

The rental amount payable for the next year is Rs. 3 lakhs.

**Note 41: RECONCILIATION OF INCOME TAX AND ACCOUNTING PROFIT****(Rs. in Lakhs)**

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Income Tax recognised in profit or loss</b>		
<b>Current Tax</b>		
Current income tax charge	-	-
<b>Total (A)</b>	-	-
<b>Deferred tax</b>		
In respect of current Year	(0.02)	(0.56)
<b>Total(B)</b>	<b>(0.02)</b>	<b>(0.56)</b>
<b>Tax for earlier years</b>		
Adjustments in respect of current income tax of prior years	-	(5.33)
<b>Total (C)</b>	-	<b>(5.33)</b>
<b>Income Tax expense recognised in the statement of Profit and Loss (A+B+C)</b>	<b>(0.02)</b>	<b>(5.89)</b>

(Rs. in Lakhs)

Income Tax recognised in Other Comprehensive Income		
Deferred tax expenses on remeasurement of employee defined benefit plans	0.50	0.21
Deferred tax expenses on profit on valuation of shares	29.38	13.90
<b>Total tax expense recognised in other comprehensive income</b>	<b>29.88</b>	<b>14.11</b>

Reconciliation of tax expense and the accounting profit for the year is as follows:

(Rs. In lakhs)

Particulars	For the year ended 31 st March 2022	For the year ended 31 st March 2021
Profit before tax	210.01	-54.09
Income Tax Expense Calculated @25.17% (PY @25.17%)	52.85	-
Effect of income that is exempt from taxation	-	-
Effect of brought forward losses	(52.85)	-
Effect of lower tax rates for longer term capital gain	-	-
Others	(0.02)	(0.56)
Adjustments recognised in the current year in relation to the current tax of prior years	-	(5.33)
<b>Income tax expense recognised in the standalone statement of profit and loss</b>	<b>(0.02)</b>	<b>(5.90)</b>

**Note 42: DEFERRED TAX BALANCES**

The following is the analysis of deferred tax liabilities/(assets) presented in the Balance sheet:

(Rs. in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Deferred tax Liabilities	42.12	12.24
Deferred tax Assets	(4.10)	(4.09)
<b>Total</b>	<b>38.02</b>	<b>8.15</b>

(Rs. in lakhs)

2021-22 Deferred tax Liabilities/(Assets) in relation to:	Opening Balance	Recognised in statement of Profit and Loss	Recognised in statement of OCI	Other Adjustments	Closing Balance
Allowance for doubtful debts and advances	-	-	-	-	-
Creation of Deferred tax assets on account of IND AS 116 "Leases"	-	-	-	-	-
Impact of 43B Disallowances	-	-	-	-	-
Defined benefit obligation	(0.62)	(0.36)	0.50	-	(0.48)
Impairment of subsidiary	-	-	-	-	-
Investment/Intangibles -Provisions	12.03	-	29.38	-	41.41
Tax Adjustment on account of indexation of land	-	-	-	-	-
Long Term capital Loss on sale of Equity Instrument	-	-	-	-	-

Difference between WDV as per books and Income Tax	(3.26)	0.35	-	-	(2.91)
On Intangible assets	-	-	-	-	-
<b>Total</b>	<b>8.15</b>	<b>(0.01)</b>	<b>29.88</b>	<b>-</b>	<b>38.02</b>

(Rs. in lakhs)

2020-21 Deferred tax Liabilities/(Assets) in relation to:	Opening Balance	Recognised in statement of Profit and Loss	Recognised in statement of OCI	Other Adjustments	Closing Balance
Allowance for doubtful debts and advances	-	-	-	-	-
Creation of Deferred tax assets on account of IND AS 116 "Leases"	-	-	-	-	-
Impact of 43B Disallowances	-	-	-	-	-
Defined benefit obligation	(0.42)	(0.40)	0.21	-	(0.62)
On unused tax losses	-	-	-	-	-
Impairment of subsidiary	-	-	-	-	-
Tax Adjustment on account of indexation of land	-	-	-	-	-
Long Term capital Loss on sale of Equity Instrument	-	-	-	-	-
Investment/Intangibles -Provisions	(1.87)	-	13.90	-	12.03
Difference between WDV as per books and Income Tax	(3.10)	(0.16)	-	-	(3.26)
On Intangible assets	-	-	-	-	-
<b>Total</b>	<b>(5.39)</b>	<b>(0.56)</b>	<b>14.11</b>	<b>-</b>	<b>8.15</b>

**Note 43: RELATED PARTY DISCLOSURES**

The Company had transactions with the related parties during the year under review at arm's length.

**A) List of Related Parties where control exists and also other Related Parties with whom transactions have taken place and relationships:**

Name of the Related Parties and description of the relationship		
S.No.	Particulars	Relationship
1	Jaijash Tatia	KMP
2	Henna Jain	Relative of KMP
3	Bharat Jain Tatia	Relatives of KMP
4	Shoba Nahar	KMP
5	Vidyalakshmi R	KMP
6	Jinpaad Developers Private Limited	Enterprises over which KMPs and their relatives can exercise significant influence
7	Ashram Online.Com Limited	-do-
8	Tatia Global Vennture Ltd	-do-
19	Opti Products Pvt. Ltd.	-do-

**B) Transactions during the year:****(Rs. in Lakhs)**

S.No	Name	Nature of Payment	Relationship	2021-22	2020-21
1	Mr. Bharat Jain Tatia	Rent Payment	Relative of KMP	3.00	3.00
2	Mr. Jaijash Tatia	Salary Paid	KMP	23.78	11.85
		Loan Borrowing		28.00	0.063
		Loan Repayments (Including conversion of Rs.75 lakhs into equity shares)		101.63	16.33
		Issue of Share warrants		157.50	-
3	M/s. Ashram Online.com Ltd	Interest Paid/ Payable/ Received/ Receivable	Relatives of KMP/ Enterprises over which KMPs and their relatives can exercise significant influence	12.06	11.82
4	M/s. Opti Products Private Limited			4.23	-
5	M/s. Tatia Global Vennture Limited			11.62	20.43
6	M/s. Ashram Online.com Ltd	68.90		0.20	
7	M/s. Opti Products Private Limited	Loan Borrowings		272.00	3.65
8	M/s. Tatia Global Vennture Limited			38.00	36.5
9	M/s. Ashram Online.com Ltd			19.35	14.95
10	M/s. Opti Products Private Limited	Loan Repayments		260.25	23.10
11	M/s. Tatia Global Vennture Limited			83.00	88.45
12	Jinpaad Developers Private Ltd			Loan Repayments (representing conversion into compulsorily convertible preference shares)	62.00
13	Henna Jain	Issue of Share warrants	Relative of KMP	157.50	-
14	Shobha Nahar	Salary Paid	KMP	1.58	0.76
15	Vidyalakshmi	Salary Paid	KMP	5.07	0.28

**C) Balances as at end of year:****(Rs. in Lakhs)**

c) Guarantees as at end of year.				(Rs. in Lakhs)	
S.No	Name	Nature of Transaction	Relationship	As on 31st March 2022	As on 31st March 2021
1	Opti Products Pvt. Ltd	Loans and Interest Payable (includes Rs. 364.34 lakhs outstanding to be converted into CCPS)	Relatives of KMP/ Enterprises over which KMPs and their relatives can exercise significant influence	379.91	364.34
2	Jinpaad Developers Private Ltd	Net Loans Given / (Returned)		-	62.00
3	Ashram Online.Com Ltd			138.60	78.20
4	Tatia Global Vennture Ltd			133.19	167.73
5	Jaijash Tatia	Interest Free Loan	KMP	5.50	79.12

**Note 44: EARNINGS PER SHARE****(Rs in Lakhs)**

Particulars	2021-22	2020-21
Profit after Tax (Rs.in Lakhs)	210.03	(48.19)
No. of Equity Shares	105.86	100.61
No. of Equity Shares (Diluted)	108.93	100.61
Earnings per share- (Basic) (Rs)	2.04	(0.48)
Earnings per share- (Diluted) (Rs)	1.93	(0.48)
Nominal value of an equity share (Rs)	10.00	10.00

**Note 45: GENERAL**

- The figures for the previous year have been regrouped / reclassified / rearranged wherever necessary with the conformity with the current year figures for facilitating proper comparisons.
- The company has followed prudential norms, except otherwise stated, prescribed by Reserve Bank of India for Non-Banking Finance Companies-financial statements.
- The figures have been rounded off to the nearest Lakhs.

For and on behalf of the Board		As per our Report of even date
Sd/- <b>JAIJASH TATIA</b> Whole Time Director DIN. 08085029	Sd/- <b>HENNA JAIN</b> Director DIN. 08383395	For J V Ramanujam & Co Chartered Accountants FRN 002947S  Sd/ CA SRI NARAYANA JAKHOTIA Partner M No 233192
Sd/- <b>SHOBA NAHAR</b> CFO	Sd/ <b>VIDYALAKSHMI R</b> Company Secretary	
Place: Chennai Date: 20.05.2022		