

To,
The Division of Corporate Restructuring
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C 4-A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai-400051, Maharashtra, India.

Subject: Request for informal guidance by way of an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 ("Scheme") in relation to Regulation 3(2) read with regulation 3(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Code").

Dear Sir/Madam,

We would like to submit the following facts for obtaining informal guidance by way of an Interpretive letter under the Scheme with respect to the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Code").

A. Background of the Company:

Kreon Financial Services Limited ("the Company"), a public limited company incorporated under the Companies Act, 1956 having its registered office at No.26, 22nd Street, Rathinam Nagar, Thiruvanmiyur, Chennai, India and is a registered Non-Banking Finance Company with Reserve Bank of India (RBI) and a listed entity whose equity shares are listed with BSE Limited.

B. Brief facts of the case:

1. The Board of Directors of the Company vide its meeting dated October 28, 2021 had approved to issue 95,00,000 Warrants to promoters Mr. Jaijash Tatia, Ms. Henna Jain and other public investors as stated in para 3, on preferential basis. Subsequently, the issue of warrants was approved by the Shareholders at the Company's Extra ordinary General meeting on November 27, 2021.
2. The Company has also received in-principle approval by BSE Limited, to allot 95,00,000 warrants Convertible into 95,00,000 Equity shares of Rs. 10/- each vide its letter reference no. DCS/PREF/KK/PRE/1815/2021-22 dated January 13, 2022.
3. Further, the Board of Directors vide its meeting dated January 24, 2022 allotted the warrants as mentioned below in the table:

SR. NO	NAME AND DETAILS OF ALLOTTEES	CATEGORY (PROMOTER / NON PROMOTER)	NO OF WARRANTS ALLOTTED
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
TOTAL			95,00,000

4. The Board of Directors at the meeting held on 28th March 2023, allotted 28,77,000 Equity shares against partial conversion of warrants held to the following allottees as detailed below:

S.NO	NAME OF THE WARRANT HOLDER	CATEGORY (PROMOTER/NON-PROMOTER)	NO. WARRANTS CONVERTED INTO EQUITY
1	Mr. Jaijash Tatia	Promoter	9,47,000
2	Ms. Henna Jain	Promoter	6,80,000
3	Mr. Ramesh Nahar	Non-Promoter	1,50,000
4	M/s B Rameshchand Nahar and Sons HUF	Non-Promoter	4,00,000
5	M/s Bhawarlal Rameshchand Sons HUF	Non-Promoter	2,00,000
6	Mrs. Nirmala Nahar	Non-Promoter	2,50,000
7	Mrs. Sapna Parekh	Non-Promoter	2,50,000
	Total		28,77,000

The post issue share holding pattern after the above allotment of Equity shares against conversion of warrants along with proportionate change in the shareholding of the promoter and promoter group during FY 2023 is appended as Annexure A.

5. Post allotment of Equity Shares on conversion of warrants during FY 2023, the total promoter and promoter group shareholding and voting rights has increased from 49.01%

to 50.60% (increased by 1.59%) in FY 2023. The equity shares allotted against conversion of warrants in FY 2023 has been made in such a manner that the individual limits of acquisition has not exceeded threshold of 5%.

6. The warrants are valid for a period of 18 months and hence the remaining warrants would be converted and equity shares will be allotted on conversion during FY 2024 till the date of validity of the warrants. The Post Capital Structure after the proposed allotment of equity shares on conversion of warrants in FY 2024 along with proportionate change in the shareholding of the promoter and promoter group is appended as Annexure B.
7. Based on allotment of the remaining warrants in FY 2024 the promoter and promoter group collective shareholding/ voting right would increase from 50.60% to 55.59% in FY 2024 and the aggregate or net acquisition of promoter and promoter group will not exceed the threshold of 5% in a financial year as specified in Regulation 3(2) of the SEBI SAST Regulations. However, the individual acquisition of shares on conversion of warrants by two promoters will result in acquisition beyond 5% in FY 2024. As represented in Annexure B, allotment of equity on conversion of pending warrants to Mr. Jaijash Tatia would result in an increase of his holding/ voting right by 5.37% i.e., from 14.28% to 19.65% during FY 2024. Similarly, as represented in Annexure B, allotment of equity on conversion of pending warrants to holding of Ms. Henna Jain would result in an increase of her holding/ voting right by 9.84% i.e. from 4.99% to 14.84% during FY 2024. To clarify, the said acquisition proposed will not result in any other changes, i.e. only increase of individual shareholding will be the threshold limits of 5%, however, as explained, change in overall promoter group will not exceed the threshold of 5% in a financial year and further, such acquisition during FY 2024 will not result into any change in management and/ or control of the target company.

C. Clarification sought:

Based on the above, we seek your informal guidance as under:

Whether the proposed transaction of acquisition of shares to be made during FY 2024 by conversion of all pending warrants as provided in Annexure B will trigger the Open Offer Obligation under Regulation 3(3) of SEBI (SAST) Regulations pursuant to increase in the individual shareholding/ voting right of Mr. Jaijash Tatia ("Promoter") by 5.37% and Ms. Henna Jain ("Promoter") by 9.84% even though aggregate shareholding/ voting right of the promoter and promoter group will not exceed 5% as required under Regulation 3(2) of the SEBI (SAST) Regulations.

D. Fees: As per the requirements prescribed under the Scheme, we made a payment of ₹ 25,000/- (Rupees Twenty-Five Thousand only) through NEFT on 2nd July 2022 (UTR No.: N183222021434145) in favour of "The Securities and Exchange Board of India" to SEBI's bank account number 012210210000007.

E. Request for Confidentiality: Pursuant to Clause 11 of SEBI (Informal Guidance) Scheme, 2003, We request you to treat this letter as confidential for a maximum possible period, i.e. until 90 days after the response to this letter is tendered. We would appreciate receiving your

opinion at your earliest convenience. In case of any further details or clarifications required, we shall be pleased to furnish you the same.

Thanking You,

Yours faithfully,

For Kreon FInnancial Services Limited

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Company Secretary

ANNEXURE A

Shareholding post conversion of warrants into equity shares in FY 2023

Name of the Shareholder	Category	Pre-issue Shareholding	Pre-issue % of Shareholding	Post-Conversion of Warrants Share holding	Post Issue % of Shareholding	Increase/Decrease %
Mr. Jaijash Tatia	Promoter	9,98,300	9.29%	19,45,300	14.28%	4.99%
Ms. Henna Jain	Promoter	0	0	6,80,000	4.99%	4.99%
Other promoter and promoter Group.		42,67,869	39.72%	42,67,869	31.33%	(8.39%)
Total of Promoter Group		52,66,169	49.01%	68,93,169	50.60%	1.59%
Public shareholders		54,79,831	50.99 %	67,29,831	49.40%	(1.59%)
Total		1,07,46,000	100%	1,36,23,000	100%	

ANNEXURE B

Proposed Share holding pattern post conversion of warrants in FY 2024

Name of the Shareholder	Category	Pre-issue Share Holding	Pre-issue % of Share holding	No. of Warrants proposed for conversion	Post-Conversion of Warrants Share holding	Post Issue % of Share holding	Increase / Decrease %
Mr. Jaijash Tatia	Promoter	19,45,300	14.28%	20,29,000	39,74,300	19.65%	5.37%
Ms. Henna Jain	Promoter	6,80,000	4.99%	23,20,000	30,00,000	14.84%	9.84%
Other promoter and promoter group		42,67,869	31.33%	-	42,67,869	21.11%	(10.22%)
Total of Promoter Group		68,93,169	50.60%	43,49,000	1,12,42,169	55.59%	4.99
Public shareholders		67,29,831	49.40%	22,50,000	89,79,831	44.41%	(4.99%)
Total		1,36,23,000	100%	65,99,000	2,02,22,000	100%	