



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Deputy General Manager
Corporation Finance Department
Division of Policy and Development – 1
Tel. (Direct): 022 – 2644 9386
E-mail: vimalb@sebi.gov.in

SEBI/HO/CFD/PoD-2/OW/P/2023/29370/1
July 21, 2023

Kreon Financial Services Ltd.
No. 26, 22nd Street,
Rathinam Nagar,
Thiruvanmiyur, Chennai- 600041

Kind attention: Ms. Vidyalakshmi R (Company Secretary)

Madam,

Sub: Your request for Informal Guidance by way of an “Interpretative Letter” under the SEBI (Informal Guidance) Scheme, 2003 in relation to Regulation 3(2) read with Regulation 3(3) of SEBI (SAST) Regulations, 2011 in the matter of Kreon Financial Services Ltd. (“Target Company”)

1. We refer to your letter dated June 05, 2023 seeking guidance by way of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (“Informal Guidance Scheme”).
2. In the letter under reference you have, *inter-alia*, stated as under-
 - i. Kreon Financial Services Limited. (“the Company”) is a public limited company registered as a NBFC with the Reserve Bank of India and has its equity shares listed on the BSE Limited (BSE).
 - ii. The Board of Directors of the company in its meeting dated October 28, 2021 had approved to issue 95,00,000 warrants to Mr. Jaijash Tatia, Ms. Henna Jain and other public investors on preferential basis and the same was approved by the shareholders.
 - iii. The company has also received in-principle approval by BSE, to allot 95,00,000 warrants convertible into 95,00,000 equity shares of Rupees. 10/-.
 - iv. The Board of Directors in the meeting held on January 24, 2022 allotted the warrants to the allottees mentioned in the table below. Subsequently, vide meeting held on March 28, 2023, the board allotted 28,77,000 equity shares against partial conversion of warrants as under-

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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SR.No.	Name and Details of Allottees	Category (Promoter/ Non-promoter)	No. of Warrants allotted	No. of Warrants converted into equity
1	Mr. Jaijash Tatia	Promoter	30,00,000	9,47,000
2	Ms. Henna Jain	Promoter	30,00,000	6,80,000
3	Mr. Salil Bansal	Non-Promoter	10,00,000	-
4	Mr. Ramesh Nahar	Non-Promoter	1,50,000	1,50,000
5	M/s B. Rameshchand Nahar and Sons HUF	Non-Promoter	4,00,000	4,00,000
6	M/s Bhawralal Rameshchand Sons HUF	Non-Promoter	2,00,000	2,00,000
7	Mrs. Nirmala Nahar	Non-Promoter	2,50,000	2,50,000
8	Mrs. Sapna Parekh	Non-Promoter	5,00,000	2,50,000
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	28,77,000

v. Pursuant to conversion of warrants, the shareholding is as follows-

Name of the shareholder	Category	Pre-issue shareholding	Pre-issue %age	FY 2023		
				Post-conversion of warrants shareholding	Post Issue% of shareholding	Incr/Dec%
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%

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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 shareholder	54,79,831	50.99%	67,29,831	49.40%	(1.59%)
Total	1,07,46,000	100%	1,36,23,000	100%	-

- vi. Since the warrants are valid for a period of 18 months, the remaining warrants would be converted and equity shares will be allotted on conversion. 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 given below-

Name of the shareholder	Category	Pre-issue shareholding	Pre-issue %age	FY 2024		
				Post-conversion of warrants shareholding	Post Issue% of shareholding	Incr/Dec%
Mr. Jaijash Tatia	Promoter	19,45,300	14.28%	39,74,300	19.65%	5.37%
Ms. Henna Jain	Promoter	6,80,000	4.99%	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%	1,12,42,169	55.59%	4.99%
Public shareholder		67,29,831	49.40%	89,79,831	44.41%	(4.99%)
Total		1,36,23,000	100%	2,02,22,000	100%	-

- vii. The said acquisition will not result into any change in management and/or control of the target company.

Q.B. Mittal



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3. In view of the above, you have sought clarification 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.”

4. We have considered the submissions made by you in your application. Without necessarily agreeing with your analysis, we are issuing interpretative letter as under:

Our Reply :

5. Based on the facts represented by you, it is noted that since the individual shareholding of Mr. Jaijash Tatia and Ms. Henna Jain are below 25%, open offer obligations shall not be triggered for them under Regulation 3(3) read with Regulation 3(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations).
6. Vide your letter under reference, you have requested for confidentiality in respect of your application. Accordingly, the interpretative letter issued to you in this matter shall not be made public for a period of 90 days from the date of issuance of this letter.
7. The above position is based on the information furnished in your letter under reference. Different facts or condition might lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
8. You may note that the above views are expressed only with respect to the clarification sought vide your letter under reference in relation to Regulation 3(2) and 3(3) of Takeover Regulations and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

V Bhatt
21/07/2023

Vimal Bhattar