



11<sup>th</sup> March 2021

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

Dear Sir,

**Sub: Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration ) Rules,2014**

**Scrip Code: 530139**

With reference to the captioned subject and further to the Outcome of the 8th Board Meeting held on 3<sup>rd</sup> March 2021, please find attached herewith the Postal Ballot Notice for seeking the consent of the Members.

You are requested to take the above on your records and oblige.

Thanking You  
Yours Faithfully,

**FOR KREON FINANCIAL SERVICES LIMITED**

**JAIJASH TATIA**  
**WHOLETIME DIRECTOR**  
**DIN:08085029**

## POSTAL BALLOT NOTICE

### Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

Notice is hereby given pursuant to the provisions of Section 110 and 108 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force) (hereinafter referred to as the "Act") read together with Rule 22 and Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or reenactment (s) thereof for the time being in force) (hereinafter referred to as the "Rules") read with the General Circular No. 14/2020 dated April 8, 2020 No. 17/ 2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No. 33/ 2020 dated September 28, 2020 and No. 39/ 2020 dated December 31, 2020, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" issued by the Ministry of Corporate Affairs, Government of India (collectively, referred to as the "MCA Circulars" and pursuant to such other applicable laws and regulations, that the resolution appended herein below for authorizing conversion of loan into equity shares is proposed to be passed as a Special Resolution by the Members of the Company through postal ballot only through the remote electronic voting (E-voting).

### SPECIAL BUSINESS

#### **ITEM NO 1: Reclassification of Authorized Share Capital**

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

**"RESOLVED THAT** pursuant to Sections 13 and 61 and other relevant provisions of the Companies Act, 2013 read with the Articles of Association of the Company, consent of the members of the company be and is hereby accorded for re-classification of Authorized share capital of the company from Rs. 20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two crores only) Equity Shares of Re.10/- (Rupee Ten only) to Rs.20,00,00,000/- (Rupees Twenty Crores only) comprising of 1,50,00,000 (One Crore Fifty Lakh) Equity shares of Rs.10/- (Rupees Ten only) each and 5,00,000 (Five Lakh) Preference Shares of Rs.100/- (Rupees Hundred only) each and consequently the existing clause V of the Memorandum of Association of the company, relating to share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following new clause V:

- V. The Authorized share capital of the Company is 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 5,00,000 (Five Lakhs) Preference Shares of Rs.100/- (Rupees Hundred only) each. Each carrying appropriate rate of dividend as may be determined by the Articles of Association of the Company (Free of Company's Tax but subject to deduction of tax as required under the provision of the Income Tax Act, 1961 for the time being in force), subject to be increased or decreased in accordance with the Company's regulation and legislative provisions for the time being in force in this behalf, and with power to divide the share in capital for the time being into Equity Shares Capital and/or Preference Share Capital, with or without voting rights as may be permissible at law, and to attach thereto respectively, any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of

the Companies Act, 1956 and the regulation of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulation of the Company

**RESOLVED FURTHER THAT** any of the Directors of the company be and is hereby authorized jointly and/or severally to take all necessary steps for giving effect to the resolution.”

**ITEM NO 2: To convert existing debt into Equity Shares and Issue of Equity Shares on Preferential basis:**

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in accordance with the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”), the rules and regulations issued by the Securities and Exchange Board of India (“SEBI”), including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”) and the policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable including the enabling provisions of the Memorandum of Association and Articles of Association of the Company, and subject to the permissions, consents, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board of Directors to issue, offer and allot 3,75,000 (Three lakhs Seventy Five Thousand) Equity shares with a face value Rs. 10/- (Rupees Ten Only), at a premium of Rs. 10/- each to aggregating to Rs. 75,00,000/- (Rupees Seventy-Five Lakhs) to Jaijash Tatia on a preferential allotment basis converting part of the outstanding loan into equity shares of the Company.

**RESOLVED FURTHER THAT** the Equity Shares to be issued by the company shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares of the Company and shall be fully paid up and free and clear of all encumbrances.”

**RESOLVED FURTHER THAT** the Company hereby takes note of the certificate from the Independent Chartered Accountant certifying that the above issue of the Equity Shares shall be made in accordance with the ICDR Regulations.

**RESOLVED FURTHER THAT** in accordance with the provisions of Chapter VII of the ICDR Regulations, the “Relevant Date” for the purpose of determining the minimum issue price for the issue of equity shares arising on such conversion is 13<sup>th</sup> March 2021, which is 30 (Thirty) days prior to the date of the declaration of voting result of Postal Ballot on 13<sup>th</sup> April 2021.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Shares including reduction of the size of the issue, as it may deem expedient, in its discretion.”

**“RESOLVED FURTHER THAT** the Directors of the Company be and is hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolution.”

**ITEM NO 3: Issue of Compulsorily Convertible preference shares on preferential basis by converting the loan (partially) borrowed by the Company:**

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in accordance with the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”), the rules and regulations issued by the Securities and Exchange Board of India (“SEBI”), including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”) and the policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable including the enabling provisions of the Memorandum of Association and Articles of Association of the Company, and subject to the permissions, consents, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board of Directors to issue, offer and allot 62,000 (Sixty Two Thousand) Compulsory Convertible Preference Shares with a face value Rs. 100/- (Rupees Hundred Only aggregating to Rs. 62,00,000/- (Rupees Sixty-Two Lakhs) to Jin Paad Developers Private Limited on a preferential allotment converting part of the outstanding loan into Compulsory Convertible Preference Shares of the Company.

**RESOLVED FURTHER THAT** in accordance with the Provisions of Section 55 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 including any amendment(s), statutory modification(s) or re-enactment(s) thereof, the particulars in respect of the offer of CCPS are as under:

- i) CCPS carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital;
- ii) CCPS shall be non-participating in the surplus funds;
- iii) CCPS shall be non-participating in surplus assets and profits which may remain after the entire capital has been repaid, on winding up of the Company;
- iii) Holders of CCPS shall be paid dividend on a cumulative basis;
- iv) CCPS shall be convertible into equity shares at the option of Jin Paad Private Limited within a period of 20 years from the date of allotment at Rs. 20/- per share carrying face value of Rs. 10/- each and premium as Rs. 10/- each as determined on the relevant date by a Registered Valuer;
- v) CCPS shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013 as amended;

vi) CCPS shall be locked in for a period of 3 years from the date of conversion;

vi) CCPS shall carry a coupon rate of 8.25% p.a.

**RESOLVED FURTHER THAT** the Company hereby takes note of the certificate from the Independent Chartered Accountant certifying that the above issue of the Equity Shares shall be made in accordance with the ICDR Regulations.

**RESOLVED FURTHER THAT** in accordance with the provisions of Chapter VII of the ICDR Regulations, the "Relevant Date" for the purpose of determining the minimum issue price for the issue of compulsory convertible preference shares arising on such conversion is 13th March 2021, which is 30 (Thirty) days prior to the date of the declaration of voting result of Postal Ballot on 13th April 2021."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Shares including reduction of the size of the issue, as it may deem expedient, in its discretion."

**"RESOLVED FURTHER THAT** the Directors of the Company be and is hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

**ITEM NO 4: Issue of Compulsorily Convertible preference shares on preferential basis by converting the loan (partially) borrowed by the Company:**

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 55, 62 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) ("Act"), the rules and regulations issued by the Securities and Exchange Board of India ("SEBI"), including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") and the policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable including the enabling provisions of the Memorandum of Association and Articles of Association of the Company, and subject to the permissions, consents, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board of Directors to issue, offer and allot 3,63,000 (Three Lakh Sixty Three Thousand) Compulsory Convertible Preference Shares with a face value Rs. 100/- (Rupees Hundred Only), each aggregating to Rs. 3,63,00,000/- (Rupees Three Crores Sixty-Three Lakhs) to Opti Products Private Limited on a preferential allotment converting part of the outstanding loan into Compulsory Convertible Preference Shares of the Company.

**RESOLVED FURTHER THAT** in accordance with the Provisions of Section 55 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 including any amendment(s), statutory modification(s) or re-enactment(s) thereof, the particulars in respect of the offer of CCPS are as under:

- i) CCPS carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital;
- ii) CCPS shall be non-participating in the surplus funds:
- iii) CCPS shall be non-participating in surplus assets and profits which may remain after the entire capital has been repaid, on winding up of the Company;
- iii) Holders of CCPS shall be paid dividend on a cumulative basis;
- iv) CCPS shall be convertible into equity shares at the option of Opti Products Private Limited within a period of 20 years from the date of allotment at Rs. 20/- per share carrying face value of Rs. 10/- each and premium as Rs. 10/- each as determined on the relevant date by a Registered Valuer;
- v) CCPS shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013 as amended;
- vi) CCPS shall be locked in for a period of 3 years from the date of conversion;
- vi) CCPS shall carry a coupon rate of 8.25% p.a.

**RESOLVED FURTHER THAT** the Company hereby takes note of the certificate from the Independent Chartered Accountant certifying that the above issue of the Equity Shares shall be made in accordance with the ICDR Regulations.

**RESOLVED FURTHER THAT** in accordance with the provisions of Chapter VII of the ICDR Regulations, the "Relevant Date" for the purpose of determining the minimum issue price for the issue of compulsory convertible preference shares arising on such conversion is 13th March 2021, which is 30 (Thirty) days prior to the date of the declaration of voting result of Postal Ballot on 13th April 2021."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Shares including reduction of the size of the issue, as it may deem expedient, in its discretion."

**"RESOLVED FURTHER THAT** the Directors of the Company be and is hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

**By Order of the Board KREON FINANCIAL SERVICES LIMITED**

**Sd/-**

**Place: Chennai  
Date: 03-03-2021**

**JAIJASH TATIA  
WHOLETIME DIRECTOR  
DIN: 08085029**

## NOTES:

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, setting out all material facts relating to the resolution in this Notice are appended herein below for your information and consideration and the same shall be considered as part of this Notice.
2. All relevant documents referred to in this Notice requiring the approval of the Members shall be available for inspection by the Members. Members who wish to inspect the documents are requested to send an e-mail to [info@kreon.in](mailto:info@kreon.in) mentioning their name, Folio No. / Client ID and DP ID, and the documents they wish to inspect, if any, with a self-attested copy of their PAN card attached to the e-mail.
3. The Company has appointed Mr. K.Vijayaraghavan, Advocate as Scrutinizer for conducting the postal ballot process in a fair and transparent manner
4. On account of the outbreak of the COVID-19 pandemic, the Company is sending the Postal Ballot Notice in electronic form only, instead of dispatching hard copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope to the Members.
5. The Postal Ballot Notice is being sent by e-mail to all Members, whose names appear in the Register of Members/Register of Beneficial Owners maintained by the Depository Central Depository Services (India) Limited (the "CDSL") as on 05th March, 2021 (the "Cut-Off Date") and who have registered their e-mail addresses, in respect of electronic holdings, with the Depository through the concerned Depository Participants and in respect of physical holdings, with the Registrar and Share Transfer Agent of the Company, M/s. Purva Sharegistry (India) Private Limited (the "RTA"), in accordance with the provisions of the Companies Act, 2013, read with the Rules made thereunder and the framework provided under the MCA circulars. This Notice is also available at the Company's website: [www.kreon.in](http://www.kreon.in).
6. The Cut-Off Date is for determining the eligibility to receive this Notice and to vote by electronic means. Only 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 shall be entitled to avail the facility of remote e-voting. A person who is not a Member as on the Cut-Off Date should treat this Notice for information purpose only.
7. In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations as amended from time to time and the MCA Circulars, the Company is pleased to offer remote e-voting facility to all the Members of the Company to cast their votes.
8. The Company has engaged CDSL (hereinafter referred to as CDSL or "Service Provider") for facilitating remote e-voting to enable the Members to cast their votes electronically instead of dispatching Postal Ballot Form.
9. To facilitate the shareholders to receive this Notice electronically, the Company has made special arrangements with its RTA, for registration of e-mail addresses in terms of the General Circular No. 17/2020 dated April 13, 2020 issued by the MCA. The process for registration of e-mail address is as under:-
  - a. Members who have not registered their e-mail address and in consequence the e-voting notice could not be serviced, may temporarily get their e-mail address registered with the Company's RTA, by clicking the following link <https://www.purvashare.com/email-and-phone-updation/> and following the

registration process as guided thereafter. Post successful registration of the e-mail, the Members will get soft copy of the Notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this Postal Ballot. In case of any queries, Members may write to the RTA at [info@kreon.in](mailto:info@kreon.in).

- b. It is clarified that for permanent registration of e-mail address, Members are requested to register their email addresses as follows:

Physical holding	By sending a request to the Company's RTA, M/s. Purva Sharegistry (India) Private Limited at: <a href="https://www.purvashare.com/email-and-phone-updation/">https://www.purvashare.com/email-and-phone-updation/</a> . By providing name of the Member, folio number, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy) for registering e-mail address and mobile number
Demat Holding	By contacting Depository Participant ("DP") and registering e-mail address and mobile number in demat account, as per the process advised by the DP.

- c. Those Members who have already registered their e-mail address are requested to keep their e-mail addresses validated with their DP / the Company's RTA, to enable servicing of notices / documents / Annual Reports etc. electronically to their e-mail address.
10. The voting period begins on Friday, 12th March 2021 and ends on Sunday, 11th April 2021. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 05th March, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
11. The Scrutinizer will submit his report to the Chairman or any other authorized director of the Company after the completion of the scrutiny of the postal ballot e- voting. The result of the postal ballot shall be declared on or before 13th April 2021 and communicated to the stock exchanges, depository, registrar and share transfer agents and shall also be displayed on the Company's website, <http://www.kreon.in/> not less than forty-eight hours from the conclusion of Postal Ballot.
12. Resolutions passed by the Members through Postal Ballot are deemed to have been passed as if the same were passed at a general meeting of the members convened in that regard. The resolution(s), if approved by the requisite majority of Members by means of Postal Ballot, shall be deemed to have been passed on the last date of e-voting i.e. 11th April 2021.

## **INSTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING**

The instructions for shareholders voting electronically are as under:



1. The voting period begins Friday, 12th March 2021 and ends on Sunday, 11th April 2021. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 05th March, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
3. Click on Shareholders.
4. 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.

5. Next enter the Image Verification 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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field</p>

6. After entering these details appropriately, click on "SUBMIT" tab.

7. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach '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.
8. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
9. Click on the EVSN for the relevant KREON FINANCIAL SERVICES LIMITED on which you choose to vote.
10. 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.
11. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
12. 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.
13. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
14. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
15. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
16. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
17. Note for Non – Individual Shareholders and Custodians
  - a. Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b. 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).

c. 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.

d. 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.

e. 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.

f. If you have any queries or issues regarding Postal 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 contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022- 23058542).

g. All grievances connected with the facility for voting by electronic means may be addressed to Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

h. You may also send an e-mail to the Company at [info@kreon.in](mailto:info@kreon.in) for any queries or information.

**By Order of the Board KREON FINANCIAL SERVICES LIMITED**

**Sd/-**

**Place: Chennai  
Date: 03-03-2021**

**JAIJASH TATIA  
WHOLETIME DIRECTOR  
DIN: 08085029**

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 READ WITH SECTION 110 OF THE COMPANIES ACT, 2013**

The following statement sets out all material facts relating to the special business mentioned under the accompanying notice

### **Item No. 1:**

Company has outstanding loans from Mr. Jaijash Tatia, M/s Jin Paad Developers Private Limited, and M/s Opti Products Private Limited. Company at its board of directors meeting held on 3<sup>rd</sup> March, 2021, accorded its approval for conversion of part of the outstanding loan into 3,75,000 Equity shares of Rs. 10/- each at a premium of Rs. 10/- each and 4,25,000 of Rs. 100/- each compulsory Convertible Preference Shares to settle the outstanding dues of the aforesaid parties.

In view of the proposed issue of the equity shares and preference shares the company needs to have authorized preference share capital. As the company already have equity authorized share capital it is not required to increase its Authorized Equity Share Capital.

Hence it is proposed for reclassification of the present Authorized share capital of the company from Rs. 20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two crores only) Equity Shares of Re.10/- (Rupee Ten only) to Rs.20,00,00,000/- (Rupees Twenty Crores only) comprising of 1,50,00,000 (One Crore Fifty Lakhs) Equity shares of Rs.10/- (Rupees Ten only) each and 4,25,000 (Four Lakhs Twenty Five Thousand) Preference Shares of Rs.100/- (Rupees Hundred only).

As per Section 13 and 61 of the Companies Act, 2013 read with the Articles of Association of the company, for re-classification of the Authorized share capital and for alteration of capital clause in the Memorandum of Association of the Company the approval of the shareholders is required passing an Ordinary resolution.

By issue of shares no change in control of the Company or its management is intended or expected.

The Board of Directors of the Company in their meeting held on March 3, 2021 has approved the reclassification and issue of bonus shares.

The Board recommends the Ordinary Resolution at item No.1, in the notice for reclassification of the share capital for the approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives except Mr. Jaijash Tatia, is in any way concerned or interested in the proposed Resolution in item No.1.

### **Item No. 2:**

Mr. Jaijash Tatia have outstanding loans of Rs. 75,00,000 including interest due by the Company. The Board of Directors of the Company at its meeting dated 3<sup>rd</sup> March, 2021, accorded its approval for conversion of part of the outstanding loan into 3,75,000 Equity shares of Rs. 10/- each at a premium of Rs. 10/- each on the basis of the price arrived by the Independent Valuer.

**Salient features of the Preferential Issue of Shares are as under:**

The proposed issue and allotment of Shares on a preferential basis, shall be governed by the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“ICDR Regulations”) and the Companies Act, 2013 read with rules made thereunder (“Act”). Without generality to the above, the salient features of the preferential issue of Shares are as under:

The “Relevant Date” as per the ICDR Regulations for determining the minimum price for the preferential issue of Shares is 13th March, 2021, which is 30 days prior to the date of declaration of Postal Ballot results on 13th April, 2021.

Post such conversion the paid-up equity share capital would be Rs. 10,43,60,000/- (Rupees Ten Crores Fourty Three Lakhs Sixty Thousand only).

The Company has not made any preferential issue of securities in this financial year, other than the proposed issue of shares as stated in this notice.

The proposed allottee has not sold any equity shares of the issuer during the six months preceding the Relevant Date.

The proposed allottee has not subscribed to any Shares of the Company during last one year.

**The other information prescribed under Regulation 73 of the ICDR Regulations is as follows:**

**A Object of the preferential issue of Shares and details of utilization of proceeds:**

Company has received a loan amount of Rs. 75,00,000 from Mr. Jaijash Tatia.

The Company has no cash flows to repay the loan taken from them and due to this outstanding loan, the working capital facilities stipulation laid by the bank could not be met. The Board of Directors in order to enrich the net worth at their Meeting held on 3<sup>rd</sup> March, 2021 has decided to convert their existing debt into equity. The consent letter has been taken from lender to convert the loan into equity shares.

**B The proposal or intention of the Promoter/ Directors/ Key Management Personnel to subscribe to the proposed preferential issue, if any:**

Nil Except Mr. Jaijash Tatia as his loan is converting into equity shares of the company.

**C. The shareholding pattern of the Company before and after the preferential issue of Shares:**

Shareholding pattern before the proposed preferential issue of Shares as on 31<sup>st</sup> December, 2020 is as follows:

<b>KREON FINANCIAL SERVICES LIMITED</b>						
<b>Shareholding pattern as on 31<sup>st</sup> December 2020</b>						
Category	Equity			Preference		
	No. of equity shares	% of equity shares held	No. of CCPS	% of shares held		
(A) Promoter and Promoter group	45,81,169	45.53	NIL	NIL		
<b>Total (A)</b>	45,81,169	45.53	NIL	NIL		
(B) Public Shareholding						
Non-Institutional						
Individual Share capital upto 2 lacs	17,56,464	17.46	NIL	NIL		
Individual Share capital above 2 lacs	11,98,586	11.91	NIL	NIL		
Bodies corporate	19,31,852	19.20	NIL	NIL		
Clearing member	50	0.00	NIL	NIL		
HUF	92,629	0.92	NIL	NIL		
Non-Resident Indian (NRI)	5,00,250	4.97	NIL	NIL		
Others	0	0	NIL	NIL		
<b>Total (B)</b>	54,79,831	54.47	NIL	NIL		
<b>Total (A) + (B)</b>	1,00,61,000	100	NIL	NIL		

Shareholding pattern after the proposed preferential issue of Shares as on 31<sup>st</sup> December, 2020 is as follows:

<b>KREON FINANCIAL SERVICES LIMITED</b>				
<b>Shareholding pattern as on 31<sup>st</sup> December 2020</b>				
Category	Equity		Preference	
	No. of equity shares	% of equity shares held	No. of CCPS	% of shares held
(A) Promoter and Promoter group	49,56,169	47.49	4,25,000	100
<b>Total (A)</b>	49,56,169	47.49	0	0
(B) Public Shareholding				
Non-Institutional	0	0		
Individual Share capital upto 2 lacs	17,56,464	16.83	0	0
Individual Share capital above 2 lacs	11,98,586	11.49	0	0
Bodies corporate	19,31,852	18.51	0	0
Clearing member	50	0.00	0	0
HUF	92,629	0.89	0	0
Non-Resident Indian (NRI)	5,00,250	4.79	0	0
Others	0	0	0	0
<b>Total (B)</b>	54,79,831	52.51	0	0
<b>Total (A) + (B)</b>	1,04,36,000	100	4,25,000	100

\* There is no control in the interest due to the above issue.

**D. Proposed time within which preferential issue of Shares shall be completed:**

As required under the ICDR Regulations, the preferential issue of Shares shall be completed, within a period of 15 days from the date of passing of the special resolution contained in this Notice. Provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment from any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of receipt of last such approvals.

**E. The Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of pre- and post-preferential issue capital that may be held by them**

The identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and /or who ultimately control the proposed allottees and the percentage of the pre- and post-preferential issue capital that may be held by them on a fully diluted basis is given in the following table:

Name & PAN of Allottee	Address	Category	Natural persons who are the ultimate beneficial owners	No. of Shares proposed to be allotted	Pre-issue Shareholding		Post-issue Shareholding*	
					No of shares	%	No of shares	%
Jaijaish Tatia		Individual	Jaijaish Tatia	3,75,000	623300	6.20	998300	9.56

#### **F Change in control, if any, in the Company consequent to the preferential issue:**

As a result of the proposed issue of Shares on a preferential basis, and upon conversion of the Shares, there will be no change in the control of the Company.

#### **G. Lock-in-period**

(i) The Shares allotted on a preferential basis and the equity shares to be allotted pursuant to exercise of options attached to shares, shall be subject to 'lock-in' in accordance with the ICDR Regulations.

(ii) The entire pre-preferential shareholding of Shareholder, if any, shall also be locked-in as per Chapter V of the ICDR Regulations.

#### **F. Undertakings**

In terms of the ICDR Regulations, the Company hereby undertakes that:

(i) It shall re-compute the price of the Equity Shares issued on conversion of shares in terms of the provisions of ICDR Regulations, where it is required to do so.

(ii) If the amount payable on account of the re-computation of price is not paid within the time stipulated in the ICDR Regulations, the underlying Equity Shares shall continue to be locked-in till the time such amount is paid by the proposed allottees.

#### **I. Other Disclosures**

It is hereby confirmed that neither the Company nor any of its Promoters or Directors are wilful defaulters.

The Board, in its meeting held on 3<sup>rd</sup> March, 2021 has approved the issuance of Shares on Preferential basis to the shareholder, subject to the approval of members and other approvals, as may be required.

A copy of the certificate from Independent Chartered Accountant certifying that the above preferential issue of Shares is made in accordance with the applicable provisions of the ICDR Regulations together with the pricing certificate, will be open for inspection at the Registered Office of the Company during working hours between 10.00 a.m. and 1.00 p.m. on all working days up to the date of declaration of Postal Ballot Result.



Chapter V of the ICDR Regulations provides that preferential issue of specified securities by a listed company would require approval of its shareholders by way of a Special Resolution. The Board, therefore, recommends the resolution as set out in Item No. 2 above to be passed as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Jaijash Tatia, are interested in the above Resolution.

**Item No. 3 and 4:**

M/s Opti Products Private Limited and M/s Jin Paad Private Limited have outstanding loans of Rs. 3,63,00,000 and Rs. 62,00,000 respectively including interest due by the Company. The Board of Directors of the Company at its meeting dated 3<sup>rd</sup> March, 2021, accorded its approval for conversion of part of the outstanding loan into 3,63,000 and 62,000 Compulsory Convertible Preference shares of Rs. 100/- each.

**Salient features of the Preferential Issue of Shares are as under:**

The proposed issue and allotment of Shares on a preferential basis, shall be governed by the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations") and the Companies Act, 2013 read with rules made thereunder ("Act"). Without generality to the above, the salient features of the preferential issue of Shares are as under:

The "Relevant Date" as per the ICDR Regulations for determining the minimum price for the preferential issue of Shares is 13th March, 2021, which is 30 days prior to the date of declaration of Postal Ballot results on 13th April, 2021.

Post such conversion the paid-up Preference share capital would be Rs. 4,25,000/- (Rupees Four Crores Twenty-Five Lakhs only).

The Company has not made any preferential issue of securities in this financial year, other than the proposed issue of shares as stated in this notice.

The proposed allottee has not sold any CCPS of the issuer during the six months preceding the Relevant Date.

The proposed allottee has not subscribed to any shares of the Company during last one year.

**The other information prescribed under Regulation 73 of the ICDR Regulations is as follows:****A Object of the preferential issue of Shares and details of utilization of proceeds:**

Company has received a loan amount of Rs. 3,63,00,000 and Rs. 62,00,000 respectively from M/s Opti Products Private Limited and M/s Jin Paad Private Limited. The working capital facilities stipulation laid by the bank could not be met. The Board of Directors in order to enrich the net worth at their Meeting held on 3<sup>rd</sup> March, 2021 has decided to convert the said loan into Compulsory Convertible Preference Shares of on such terms and conditions as may be mutually agreed between the Company and Opti Products Private Limited and Jin Paad Developers Private Limited.

**B The proposal or intention of the Promoter/ Directors/ Key Management Personnel to subscribe to the proposed preferential issue, if any:**

Nil.

**C. The shareholding pattern of the Company before and after the preferential issue of Shares:**

Shareholding pattern before the proposed preferential issue of Shares as on 31<sup>st</sup> December, 2020 is as follows:

<b>KREON FINNANCIAL SERVICES LIMITED</b>				
<b>Shareholding pattern as on 31<sup>st</sup> December 2020</b>				
Category	Equity		Preference	
	No. of equity shares	% of equity shares held	No. of CCPS	% of shares held
(A) Promoter and Promoter group	45,81,169	45.53	NIL	NIL
<b>Total (A)</b>	45,81,169	45.53	NIL	NIL
(B) Public Shareholding				
Non-Institutional				
Individual Share capital upto 2 lacs	17,56,464	17.46	NIL	NIL
Individual Share capital above 2 lacs	11,98,586	11.91	NIL	NIL
Bodies corporate	19,31,852	19.20	NIL	NIL
Clearing member	50	0.00	NIL	NIL
HUF	92,629	0.92	NIL	NIL
Non-Resident Indian (NRI)	5,00,250	4.97	NIL	NIL
Others	0	0	NIL	NIL
<b>Total (B)</b>	54,79,831	54.47	NIL	NIL
<b>Total (A) + (B)</b>	1,00,61,000	100	NIL	NIL

Shareholding pattern after the proposed preferential issue of Shares as on 31<sup>st</sup> December, 2020 is as follows:

<b>KREON FINANCIAL SERVICES LIMITED</b>				
<b>Shareholding pattern as on 31<sup>st</sup> December 2020</b>				
Category	Equity		Preference	
	No. of equity shares	% of equity shares held	No. of CCPS	% of shares held
(A) Promoter and Promoter group	49,56,169	47.49	4,25,000	100
<b>Total (A)</b>	49,56,169	47.49	0	0
(B) Public Shareholding				
Non-Institutional	0	0		
Individual Share capital upto 2 lacs	17,56,464	16.83	0	0
Individual Share capital above 2 lacs	11,98,586	11.49	0	0
Bodies corporate	19,31,852	18.51	0	0
Clearing member	50	0.00	0	0
HUF	92,629	0.89	0	0
Non-Resident Indian (NRI)	5,00,250	4.79	0	0
Others	0	0	0	0
<b>Total (B)</b>	54,79,831	52.51	0	0
<b>Total (A) + (B)</b>	1,04,36,000	100	4,25,000	100

\* There is no control in the interest due to the above issue.

**D. Proposed time within which preferential issue of Shares shall be completed:**

As required under the ICDR Regulations, the preferential issue of Shares shall be completed, within a period of 15 days from the date of passing of the special resolution contained in this Notice. Provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment from any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of receipt of last such approvals.

**E. The Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of pre- and post-preferential issue capital that may be held by them**

The identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and /or who ultimately control the proposed allottees and the percentage of the pre- and post-preferential issue capital that may be held by them on a fully diluted basis is given in the following table:

Name & PAN of Allottee	Address	Category	Natural persons who are the ultimate beneficial owners	No. of Shares proposed to be allotted	Pre-issue Shareholding		Post-issue Shareholding*	
					No of shares	%	No of shares	%
Jin Paad Developers Private Limited	No.12,Mookathal street, Purasawalkam, Chennai-600007	Body Corporate	Jaijash Tatia/ Sangita Tatia/ Shoba Jain/ Henna Jain /Jetender	62,000	0	0	62,000	14.59
Opti Products Private Limited	No.81,B,2 <sup>nd</sup> main road,Ambattur Industrial Estate, Chennai-600058	Body Corporate	Jaijash Tatia	3,63,000	0	0	3,63,000	85.41
<b>Total</b>				4,25,000	0	0	4,25,000	100

**F. Change in control, if any, in the Company consequent to the preferential issue:**

As a result of the proposed issue of Shares on a preferential basis, and upon conversion of the Shares, there will be no change in the control of the Company.

**G. Lock-in-period**

(i) The Shares allotted on a preferential basis and the equity shares to be allotted pursuant to exercise of options attached to shares, shall be subject to 'lock-in' in accordance with the ICDR Regulations.

(ii) The entire pre-preferential shareholding of Shareholder, if any, shall also be locked-in as per Chapter V of the ICDR Regulations.

**F. Undertakings**

In terms of the ICDR Regulations, the Company hereby undertakes that:

(i) It shall re-compute the price of the CCPS issued on conversion of shares in terms of the provisions of ICDR Regulations, where it is required to do so.

(ii) If the amount payable on account of the re-computation of price is not paid within the time stipulated in the ICDR Regulations, the underlying CCPS shall continue to be locked- in till the time such amount is paid by the proposed allottees.

## I. Other Disclosures

It is hereby confirmed that neither the Company nor any of its Promoters or Directors are wilful defaulters.

The Board, in its meeting held on 3<sup>rd</sup> March, 2021 has approved the issuance of Shares on Preferential basis to the shareholder, subject to the approval of members and other approvals, as may be required.

A copy of the certificate from Independent Chartered Accountant certifying that the above preferential issue of Shares is made in accordance with the applicable provisions of the ICDR Regulations together with the pricing certificate, will be open for inspection at the Registered Office of the Company during working hours between 10.00 a.m. and 1.00 p.m. on all working days up to the date of declaration of Postal Ballot Result.

Chapter V of the ICDR Regulations provides that preferential issue of specified securities by a listed company would require approval of its shareholders by way of a Special Resolution.

The Board, therefore, recommends the resolution as set out in Item No. 3 and 4 above to be passed as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Jaijash Tatia, are interested in the above Resolution.

In terms of Section 42, 62 and Rule 13 of Companies (Shares and Debentures) Rules, 2014, a company shall not make issue of Equity Shares on private placement basis without the prior approval of the members of the Company by a Special Resolution.

### In this connection company has provided the following information:

S. No	Particulars	Terms of Preferential Issue
1.	Size of the Issue	4,25,000 CCPS with a face value Rs. 100/- (Rupees Hundred Only), aggregating to Rs. 4,25,00,000/- (Rupees Four Crores Twenty-Five Lakh) on a Preferential basis
	Number of Shares to be issued	4,25,000
	Nominal Value of each share	Rs.100/- per share
2.	Nature of Shares	Compulsory Convertible Preference Shares
3.	Objects of the Issue	To Convert the existing debt of the company into Compulsory Convertible Preference Shares
4.	Manner of issue of shares	Preferential Issue
5.	Issue Price	Rs.100/- per share as face value

6.	Basis of Issue Price and relevant date with reference to which the price has been arrived at	The price is fixed at Premium value, based on the Valuation Report and pricing certificate issued by Chartered Accountant as applicable  The relevant date with reference to which the price has been arrived at is 13th March, 2021.
7.	Terms of issue	CCPS are proposed to be issued for a period not exceeding 20 years from the date of allotment. The Preferential Dividend shall be cumulative, and accordingly, if and to the extent that the profits available for distribution are not sufficient to pay the full amount (or any part thereof) of the Preferential Dividend due for payment in any financial year, then the investor(s) shall have the right to receive the unpaid Preferential Dividend in the future financial years.
8.	Terms of conversion	Not more than 20 years from the date of allotment of CCPS at 20Rs. Per share carrying face value of Rs. 10/- each and Premium of Rs. 10/- each determined by the Registered Valuer at the time of Conversion.
9.	Current shareholding pattern of the Company	Shareholding pattern of the Company as on 31 <sup>st</sup> December 2020 annexed to the notice.
10.	Relevant Date	The relevant date with reference to which the price has been arrived at is 13th March, 2021.
11.	Lock in period	CCPS issued shall be locked in for a period of 3 year from the date of conversion.
12.	The Class or Classes of Persons to whom the allotment is proposed to be made	<b>Body Corporate:</b> Jin Paad Developers Private Limited Opti Products Private Limited
13.	Proposed time limit within which the proposed allotment shall be completed.	The allotment of CCPS as proposed under Special Resolution as set out in Item No. 2 and 3 above will be completed within a period of 12 months from the date of passing this resolution
14.	The Change in Control, if any, in the company that would occur consequent to the Preferential Offer	NIL
16.	The Justification for the allotment proposed to be made for Consideration other than cash together with Valuation Report of the Registered Valuer	Company is converting its existing Debt into equity and hence no consideration is required to be given.
17.	Name of the proposed allottees and the Percentage of Post Preferential Offer Capital that may be held by them	Jin Paad Developers Private Limited Opti Products Private Limited
18.	Intention of promoters, directors or key managerial	NIL

	personnel to subscribe to the offer	
19.	Expected dilution in equity share capital upon conversion of preference shares	Can be determined only at the time of conversion of CCPS.

**By Order of the Board KREON FINANCIAL SERVICES LIMITED**

**Sd/-**

**Place: Chennai  
Date: 03-03-2021**

**JAIJASH TATIA  
MANAGING DIRECTOR  
DIN: 08085029**