KREON FINNANCIAL™

30th June 2021

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

Dear Sir/Madam,

Sub: Copy of Audited financial Results for the Quarter and year ended 31st March 2021

Scrip Code-530139

With reference to the above captioned subject, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, We are pleased to inform you that the Board of Directors of the Company at its Meeting held on 28th June 2021, has approved and taken on record the Audited Financial Results, Statement of Assets and Liabilities for the Quarter and Year ended 31/03/2021 along with Audit Report issued by the Statutory Auditor of the Company, further it also approves the publication of Audited Financial Results in the newspaper and placing a copy of it on the website of the Company.

A copy of Audited financial Results, Statement of Assets and Liabilities along with Audit Report for the Quarter and Year ended 31/03/2021 were filed with BSE on 28th June 2021. However the document pertaining to quarter-wise results is erroneously not filed alongwith the financial which is attached herewith.

Kindly request you to consider this for your records.

Thanking You,
Yours Faithfully,

For **Kreon Finnancial Services Limited**

Vidyalakshmi Rajagopalan
Digitally signed by Vidyalakshmi Rajagopalan
Date: 2021.06.30 16:32:06 +05'30'

Vidyalakshmi R
Company Secretary and Compliance Officer

KREON FINNANCIAL SERVICES LIMITED.
#Old No. 12, New No. 29, Mookathal Street,
Purasawalkkam, Chennai-600007.

CIN:L65921TN1994PLC029317
(Office) 044 - 42138704
info@kreon.in
www.kreon.in

KREON FINNANCIAL SERVICES LTD

#29, Mookathal Street, Purasawalkkam, Chennai - 600 007
CIN: L65921TN1994PLC029317

Statement of Assets & Liabilites

(Amt.in Rs. Lakhs)

	Particulars	Note No.	As at 31st March 2021 Audited	As at 31st March 2020 Audited
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents		128.36	63.28
	Bank balances other than Cash and Cash Equivalents		5.06	6.65
(b)	Receivables		-	-
(c)	Loans		674.31	837.92
(d)	Investments		107.47	40.62
(e)	Other Financial assets		13.95	18.28
(f)	Non-Current Asset held for sale		4.60	4.60
(2)	**Non-financial Assets**			
(g)	Current Tax Assets (Net)		14.42	14.02
(h)	Deferred Taxes		-	5.39
(i)	Property, Plant and Equipment		11.56	18.81
(j)	Intangible assets under development		33.00	-
(k)	Other non-financial assets		-	-
	Total Assets		**992.73**	**1,009.56**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Other Payables			
	(i) total outstanding dues of micro enterprises and smal enterprises			-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		20.59	24.68
(b)	Borrowings (Other than Debt Securities)		751.40	766.10
(c)	Other financial liabilities		13.30	29.65
(2)	**Non-Financial Liabilities**			
(a)	Deferred Tax Liability		8.15	
(b)	Other Non-financial liabilities		6.45	1.63
(3)	**EQUITY**			
(a)	Equity Share capital		1,006.10	1,006.10
(b)	Other Equity (Refer statement on Changes to Equity)		(813.27)	(818.60)
	Total Liabilities and Equity		**992.73**	**1,009.56**

For Kreon Finnancial Services Limited

Place: Chennai
Date: 28.6.2021

Jaijash Tatia
Whole time Director

M/s. KREON FINNANCIAL SERVICES LTD

#29, Mookathal Street, Purasawalkkam, Chennai - 600 007

CIN: L65921TN1994PLC029317

Email Id: info@kreon.in

Audited Financial Results for the Quarter ended 31st March 2021

Amt. Rs.in Lacs

S.No	Particulars	Quarter ended 31.03.2021	Quarter ended 31.12.2020	Quarter ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
	Revenue from operations					
(i)	Interest Income	47.24	20.84	(0.49)	111.92	60.60
(ii)	Fees and Commission Income	18.36	14.29	16.78	59.41	43.11
(iii)	Dividend Income	0.03	0.02	0.02	0.05	0.07
(iv)	FD Interest	(0.20)	0.285	-	0.152	-
(I)	**Total Revenue from operations**	**65.43**	**35.42**	**16.32**	**171.54**	**103.78**
(II)	Other Income	(0.01)	0.01	-	0.13	0.75
(III)	**Total Income (I+II)**	**65.42**	**35.43**	**16.32**	**171.67**	**104.53**
	Expenses					
(i)	Finance Costs	(37.99)	22.19	11.49	33.04	43.33
(ii)	Employee Benefits Expenses	12.64	44.41	56.85	124.23	189.24
(iii)	Depreciation, amortization and impairment	1.82	1.86	3.26	7.37	11.84
(iv)	Others expenses	2.42	18.30	47.12	61.12	176.45
(v)	Bad Debts written off	-	-	(20.49)	-	111.98
(IV)	**Total Expenses (IV)**	**(21.11)**	**86.76**	**98.23**	**225.76**	**532.84**
(V)	Profit / (loss) before exceptional items and tax (III-IV)	86.53	(51.32)	(81.91)	(54.09)	(428.31)
(VI)	Exceptional items	-	-	-	-	-
(VII)	**Profit/(loss) before tax (V -VI)**	**86.53**	**(51.32)**	**(81.91)**	**(54.09)**	**(428.31)**
(VIII)	Tax Expense: (1) Current Tax	-	-	-	(5.33)	-
	(2) Prior Period Tax	-	-	3.87	-	4.05
	(3) Deferred Tax	(0.44)	(0.04)	(1.96)	(0.56)	(2.61)

(IX)	Profit / (loss) for the period from continuing operations(VII-VIII)	86.97	(51.28)	(83.83)	(48.19)	(429.75)
(X)	Profit/(loss) from discontinued operations	-	-	-	-	-
(XI)	Tax Expense of discontinued operations	-	-	-	-	-
(XII)	Profit/(loss) from discontinued operations(After tax) (X-XI)	-	-	-	-	-
(XIII)	**Profit/(loss) for the period (IX+XII)**	**86.97**	**(51.28)**	**(83.83)**	**(48.19)**	**(429.75)**
(XIV)	**Other Comprehensive Income**					
	(A) (i) Items that will not be reclassified to profit or loss: Remeasurement of the net defined benefit	0.79	-	-	0.79	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.21)	-	-	(0.21)	-
	Subtotal (A)	0.59	-	-	0.59	-
	(B) (i) Items that will be reclassified to profit or loss: Gain/ (Loss) on valuation of shares	40.84	12.00	(9.37)	66.85	(14.39)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(7.14)	(3.12)	1.87	(13.90)	1.87
	Subtotal (B)	33.70	8.88	(7.50)	52.95	(12.52)
	Other Comprehensive Income (A + B)	**34.28**	**8.88**	**(7.50)**	**53.53**	**(12.52)**
(XV)	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and**	**121.25**	**(42.40)**	**(91.32)**	**5.34**	**(442.27)**

(XVI)	**Paid up Equity Share Capital**	**100.61**	**100.61**	**100.61**	**100.61**	**100.61**
(XVII)	**Reserves excluding Revaluation Reserves**	**(813.27)**	**(934.52)**	**(818.60)**	**(813.27)**	**(818.60)**
(XVII)	**Earnings per equity share (for continuing operations)**					
	Basic (Rs.)	0.86	(0.51)	(0.83)	(0.48)	(4.27)
	Diluted (Rs.)	0.86	(0.51)	(0.83)	(0.48)	(4.27)

Notes to Audited Results
Attached

For Kreon Finnancial Services Limited

Place: Chennai
Date: 28.6.2021

Jaijash Tatia
Whole time Director

Notes to Audited Results

1 The Audited results were reviewed by the Audit Committee and were approved by the board of Directors of the company at its meeting held on 28.06.2021.

2 As Revenue participation from StuCred app (Digital Lending Division) is now substantial, from the beginning of Q1 of FY 2020-21, the company has decided to adopt Segment reporting for its Commercial Lending and Digital Lending Division in line with Ind AS 108.

3 The company has carried out impairment of investments and necessary adjustments have been made in the financial results.

4 The Managing Director has voluntarily foregone his salary pertaining to Q1 and Q2 owing to ongoing Covid -19 situation.

5 The company has not declared any dividend.

6 There has been a note by the Statutory auditors with regards to obtaining confirmation from its debtors. The same was delayed owing to pandemic and the company is in process in obtaining the same.

7 The Company has increased the interest rate for few of its debtors during the year.

8 Certain lenders of the company have agreed to reduce the interest rates.

9 The Company is in the process of conversion of some of its loan creditors to Share capital and have taken necessary

10 The Company is also building a new division for catering loans to other segments.

11 Substantive details on the above is provided in Notes to accounts to the Financial Statements.

12 The figure have been re-grouped / re-classified / re- arranged where ever necessary to present better comparison.

For Kreon Finnancial Services Limited

Place: Chennai
Date: 28.6.2021

KREON FINNANCIAL SERVICES LTD. CHENNAI

Jaijash Tatia
Whole time Director

KREON FINNANCIAL SERVICES LIMITED
Old No. 12, New No.29, Mookathal Street, Purasawalkkam, Chennai - 600 007.
CIN: L65921TN1994PLC029317

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31|03|2021

A. CASH FLOW FROM OPERATING ACTIVITIES	**No**	**31|03|2021 Rs. In Thousands**	**31|03|2020 Rs. In Thousands**
Net Profit befor tax		(54.09)	(428.31)
Adjustments for :			
OCI- Actuarial Gain		0.79	-
Depreciation		7.37	11.84
Finance Costs		33.15	43.33
		(12.77)	**(373.13)**
Operating Profit before working Capital Changes			
Adjustments for:			
Decrease / (Increase) in Loans		163.61	(72.54)
Decrease / (Increase) in non-financial assets		(0.40)	4.04
Increase / (Decrease) in Other non-financial liabilities		(4.46)	6.28
Decrease / (Increase) in other financial assets		4.33	(9.58)
Increase / (Decrease) in Other payables		(4.09)	(10.79)
Increase / (Decrease) in other financial Liabilities		(7.08)	9.35
Cash Flow From Operating activities		**139.14**	**(446.37)**
Finance Costs paid		(33.15)	(4.95)
Income Tax (paid) / Refund		5.33	(4.05)
Net Cash from Operating Activities	**(A)**	**111.32**	**(455.38)**
B.CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(0.12)	(6.17)
Payment towards intangible assets under development		(33.00)	-
Cash Flow From Investment Activities	**(B)**	**(33.12)**	**(6.17)**
C.CASH FLOW FROM FINANCE ACTIVITIES			
Proceeds/(Repayment) from Borrowings (Net)		(14.70)	425.39
Investment in Bank Deposits		-	(0.57)
Redemption of Bank Deposits		1.59	-
Cash Flow From finance Activities	**(C)**	**(13.11)**	**424.81**
Increase / (Decrease) in cash and cash equivalent (A+B+C)		**65.08**	**(36.73)**
Cash and cash Equivalents as at the beginning of the year		63.28	100.01
Cash and cash Equivalents as at the end of the year		128.36	63.28
Net Increase/(Decrease) in Cash Balances		**65.08**	**(36.73)**
		-	-

For Kreon Finnancial Services Limited

Place: Chennai
Date: 28.6.2021

Jaijash Tatia
Whole time Director

M/s. KREON FINNANCIAL SERVICES LTD

#29, Mookathal Street, Purasawalkkam, Chennai - 600 007

CIN: L65921TN1994PLC029317

Segment wise Revenue, Results, Assets and Liabilities for the Quarter ended 31st March 2021

Email Id: info@kreon.in

(Rs in Lakhs)

Particulars	Previous 3 months ended	Previous 3 months ended	Corresponding 3 months ended in the previous year	Current year ended	Previous accounting year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	Audited	Unaudited	Audited	Audited	Audited
1. Segment Revenue					
(a) Commercial Lending Division	47.07	21.14	-0.46	112.13	61.42
(b) Digital Lending Division - StuCred	18.36	14.29	16.78	59.41	43.11
Net sales/Income From Operations	**65.43**	**35.42**	**16.32**	**171.54**	**104.53**
2. Segment Results (Profit)(+)/ Loss (-) before tax from Each segment)					
(a) Commercial Lending Division	90.12	6.84	14.83	110.17	-109.35
(b) Digital Lending Division - StuCred	-3.59	-58.16	-96.75	-164.26	-318.96
Total Profit Before Tax	**86.53**	**-51.32**	**-81.91**	**-54.09**	**-428.31**
3. Segment Assets					
(a) Commercial Lending Division	1453.56	1425.84	1294.94	1453.56	1294.94
(b) Digital Lending Division - StuCred	192.07	136.43	181.15	192.07	181.15
(c) Inter segment assets	-652.90	-592.22	-466.52	-652.90	-466.52
Total Segment Assets	**992.73**	**970.05**	**1009.56**	**992.73**	**1009.56**
4. Segment Liabilities					
(a) Commercial Lending Division	778.31	874.62	788.48	778.31	788.48
(b) Digital Lending Division - StuCred	674.49	616.06	500.11	674.49	500.11
(c) Inter segment Liabilities	-652.90	-592.22	-466.52	-652.90	-466.52
Total Segment Liabilities	**799.90**	**898.46**	**822.07**	**799.90**	**822.07**
5. Capital Employed					
(a) Commercial Lending Division	675.26	551.22	506.46	675.26	506.46
(b) Digital Lending Division - StuCred	-482.42	-479.63	-318.96	-482.42	-318.96
Capital Employed	**192.83**	**71.59**	**187.50**	**192.83**	**187.50**

Notes:

(a) Segment Revenue, Segment Results, Segment assets and Segment liabilities shall have the same meaning as defined in the Accounting Standards on Segment Reporting (Ind AS-108) issued by ICAI /Company (Accounting Standards) Rules, 2006.

(b) The above information has been furnished for each of the reportable primary segments as identified in accordance with Ind AS-108.

© Segment results of divisions do not include the component of notional interest charged by the Commercial Lending Division on the Digital Lending Division. Such notional interest is eliminated in the financial results of the Company on consolidation of the segment results.

For Kreon Finnancial Services Limited

Place: Chennai
Date: 28.6.2021

KREON FINANCIAL SERVICES LTD. CHENNAI

Jaijash Tatia
Whole time Director

J.V. RAMANUJAM & CO.,
CHARTERED ACCOUNTANTS

Independent Auditor's Report on Standalone Financial Statements

To Board of Directors of Kreon Finnancial Services Limited

Qualified Opinion

We have audited the accompanying standalone quarterly financial results of Kreon Finnancial Services Limited for the quarter ended March 31, 2021 and the year to date results for the period April 1, 2020 to March 31, 2021, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the explanations given to us, these standalone financial results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

(ii) *except for the possible effects of matter included in basis for qualified opinion paragraph below,* give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter ended March 31, 2021 as well as the year to date results for the period from April 1, 2020 to March 31, 2021.

Basis for Qualified Opinion

The Company has increased Interest rate on loans given, from 12% to 24% for 3 borrowers resulting in increase of Interest Income by Rs.35.29 Lakhs for the financial year. However, we were not provided with any document(s) evidencing concurrence from the borrowers. Hence, in our opinion,

(i) the same results in overstatement of Interest Income to that extent, Loss after Tax is understated to that extent, Total Comprehensive Income of Rs.5.34 Lakhs would have been a Loss of Rs.29.95 Lakhs, and Loans (Financial Assets) are overstated to the same extent for the year ended 31.03.2021.

(ii) the same results in overstatement of Interest Income to that extent, Profit after Tax is overstated to that extent, Total Comprehensive Income is overstated to that extent, and Loans (Financial Assets) are overstated to the same extent for the Quarter ended 31.03.2021.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results 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 results 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.

Management's Responsibilities for the Standalone Financial Results

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act

read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole is 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 this Standalone Financial Results.

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

• Identify and assess the risks of material misstatement of the Standalone Financial Results, 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.

• Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.

• Conclude on the appropriateness of the Board of Directors' 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 ability of the Company 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 Statement 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 Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results of the Company to express an opinion on the Standalone Financial Results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

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.

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

J. V. RAMANUJAM AND CO. CHARTERED ACCOUNTANTS

SRINARAYANA JAKHOTIA

Digitally signed by SRINARAYANA JAKHOTIA
Date: 2021.06.28 13:44:00 +05'30'

Sri Narayana Jakhotia
Partner
M.No.233192
UDIN: 21233192AAAABJ4859

Place: Chennai
Date: June 28, 2021

KREON FINNANCIAL™

Reply to observation raised by Auditors

We have formulated our response in relation to Qualifications raised. The same has also been sent to statutory auditors and is formulated hereunder:

1. Considering that the returns earned from commercial lending operations have been stagnant over a number of years and further the Company itself realized that it would have to pay higher interest rates to fund its own Stucred Division, the management has been negotiating with the Loan Debtors regarding increasing its lending rates. The negotiations for the same started at the end of FY 19-20 with the debtors given an alternate option to repay the loans. The debtors included Swarnabhoomi Infra Developers Pvt Ltd, Madhu Infra Developers Pvt Ltd and Devesh Bhuva.

2. Subsequently, the nation was hit by a bout of pandemic leading to a series of lockdowns and though negotiations were still proceeding, company could not reach any conclusion in the first 3 quarters.

3. By the fourth quarter the parties agreed for the interest hike verbally. However, formal agreements could not be executed in the initial phase owing to lack of availability of the debtors. Subsequently, by the time the agreement was handed over and signed by them, company was unable to get the documents owing to adverse impact of Covid-19 on management staff concerned.

4. It is pertinent to note that one of our debtors, Swarnabhoomi Infra Developers Pvt Ltd, repaid the loan to the tune of Rs. 35 lakhs, to cover themselves from the increased rates being charged.

5. While the confirmations were pending, it may be emphasized that TDS was appropriately deducted by the parties, which denoted a significant amount of confirmation.

6. Subsequently, after a few weeks of operations, we were faced with second wave of pandemic, which further shifted focus and made it impossible to get the signed confirmation documents.

7. The documents are well in place and shall be presented before the Board.

8. It may be noted that for purposes of commercially expediency, strategically important debtors were not considered for increased interest lending rates. Further, very small loan debtors who are severely hit by the pandemic are also spared from interest hike.

Please take cognizance of the same as it was discussed in today's meeting as well. Do let me know in case of any clarifications.

For Kreon Finnancial Services Limited



Jaijash Tatia
Whole time Director

Date:28.6.2021
Place: Chennai