



**CS Hemang M. Mehta**

B.Com., LL.B.(Special), F.C.S.

**H. M. Mehta & Associates**

**Company Secretaries**

**COMPLIANCE CERTIFICATE**

**(Pursuant to Regulation 163(2), Part III of Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 including any amendment/modification thereof)**

To,  
The Members of  
KRISHNA DEFENCE AND ALLIED INDUSTRIES LIMITED  
(CIN: U74900MH2013PLC248021)  
344, Floor-3, Plot-267, A to Z Industrial Estate,  
Ganapatrao Kadam Marg, Lower Parel, Delisle Road,  
Mumbai-400013,  
Maharashtra, India

Dear Member(s),

**Subject: Certificate of Practicing Company Secretary in respect of compliance of provision of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended in relation to proposed preferential issue of 12,00,000 (Twelve Lakhs) convertible warrants by Krishna Defence and Allied Industries Limited**

I, Hemang Mehta, Proprietor of H. M. Mehta & Associates, Practicing Company Secretaries, having office at 811-812, Vihav Supremus, Besides Iscon Heights, Gotri Road, Vadodara-390021, Gujarat, India, was appointed by the Board of Directors of Krishna Defence and Allied Industries Limited ("the Company") to certify that, the proposed preferential issue of 12,00,000 (Twelve Lakhs) convertible warrants to the following proposed allottees, is in compliance with the requirements of, "Chapter V - Preferential Issue" of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 [SEBI (ICDR) Regulations] and the applicable provisions of the Companies Act, 2013 (the "Act") and rules framed thereunder, subject to shareholders' approval.

The proposed list of allottees is as under:

Sr No.	Name of the Proposed Allottee(s)	Category	Number of warrants to be issued
1.	Mrs. Preyal Ankur Shah	Promoter Group	2,52,000
2.	Mrs. Pallavi Ashwin Shah	Promoter Group	1,02,000
3.	Mr. Ashish Ramesh Kacholia	Non-Promoter -Public	4,20,000
4.	Mr. Sumesh Sajjankumar Parasrampuria	Non-Promoter -Public	99,000
5.	Mr. Dilip Nanji Chheda	Non-Promoter -Public	99,000
6.	M/s. Zyana Developers LLP	Non-Promoter -Public	99,000
7.	M/s. Credent Asset Management Services Private Limited	Non-Promoter -Public	99,000
8.	Mr. Mitul Prafulbhai Mehta	Non-Promoter -Public	30,000

As per requirement of Regulation 163(2) of the SEBI (ICDR) Regulations this certificate is required to be placed before the Extra-Ordinary General Meeting (EGM) of the Shareholders to be held on Monday, 30<sup>th</sup> January, 2023, at 11:00 a.m. IST through Video Conferencing/ Other Audio-Visual Means (VC/ OAVM).

Office No.: 811-812, Vihav Supremus, Near Iscon Heights, Gotri, Vadodara-390021, Gujarat, India  
Office Mobile: 63524 93005, Mobile : 94273 43112, Email: [hmehta65@gmail.com](mailto:hmehta65@gmail.com)



### Managements' Responsibility

The compliance with the aforesaid and relevant SEBI (ICDR) Regulations and the Act for the preferential issue of convertible warrants and preparation of the Notice convening Extra-Ordinary General Meeting, including its content is the responsibility of the management of the Company.

This responsibility includes the design, implementation, maintenance of and adherence to the internal controls relevant to the preparation and maintenance of the relevant records and providing all relevant information. Also, this responsibility includes ensuring that the relevant records provided to me for my examination are correct and complete.

The management is also responsible for providing all relevant information to SEBI and/or stock exchange(s).

The said preferential issue, will not result in allotment of more than five per cent of the post issue fully diluted share capital of the Company to the allottees acting in concert, and hence, the same does not require a Valuation Report from an Independent Registered Valuer for determining the price.

The Management of the Company has obtained a Pricing Certificate from M/s. CNK & Associates LLP, Practising Chartered Accountants having their office at the Nirat, 3<sup>rd</sup> floor, 18 Windward Business Park, Behind Emerald One Complex, in the Lane of Dr. Prashant Buch, Jetalpur Road, Vadodara-390007, Gujarat, India, in terms of Regulation 164(1) of SEBI (ICDR) Regulations, as amended.

### Practicing Company Secretary's Responsibility

Pursuant to the requirements of Regulation 163(2) of Chapter V of the SEBI (ICDR) Regulations, as amended, it is my responsibility to provide limited assurance that the proposed preferential issue of convertible warrants to the proposed allottees as mentioned above, are being made in accordance with the requirements of "Chapter V-Preferential Issue" of the SEBI (ICDR) Regulations to the extent applicable and applicable provisions of the Act and rules framed thereunder.

On the basis of the relevant management inquiries, necessary representations and information received from/furnished by the management of the Company, as required under the aforesaid Regulations, I have verified that the issue is being made in accordance with the requirements of these Regulations as applicable to the preferential issue, more specifically, the following:


1. Verified that all the present equity shares are fully paid up.
2. Reviewed and verified the Draft notice convening the Extra-Ordinary General Meeting on Monday, 30<sup>th</sup> January, 2023, seeking approval of the members of the Company for the preferential issue of up to 12,00,000 convertible warrants.
3. Noted that the **Relevant Date is Friday, 30<sup>th</sup> December, 2022**, being the working day preceding the date that is 30 (thirty) days prior to the date of the EGM (since the date that is 30 (thirty) days prior to the date of the Extra-Ordinary General Meeting is a holiday i.e. Saturday, 31<sup>st</sup> December 2022."
4. The pre-preferential shareholding of each of proposed allottee(s) has been locked in accordance with Regulation 167 (6) SEBI (ICDR) Regulations, 2018. The details of allottee-wise pre-preferential shareholding and lock-in thereon is as given hereunder:



Name of the Proposed Allottee	DP ID/Client ID	Holding Pre-preferential Issue	Lock-in details	
			From	To
Mrs. Preyal Ankur Shah	1201770101326221	84,000	23/03/2022*	31/07/2023
Mrs. Pallavi Ashwin Shah	1201770101326329	16,33,710	23/03/2022*	31/07/2023
Mr. Ashish Ramesh Kacholia	IN30018310381679	-	-	-
Mr. Sumesh Sajjankumar Parasrampuria	IN30160412406374	45,000	28/12/2022	31/07/2023
Mr. Dilip Nanji Chheda	IN30226913707041	-	-	-
M/s. Zyana Developers LLP	IN30404510015879	-	-	-
M/s. Credent Asset Management Services Private Limited	1201040000055880	-	-	-
Mr. Mitul Prafulbhai Mehta	1203320008749640	-	-	-

(\* ) The shares of Mrs. Preyal Ankur Shah & Mrs. Pallavi Ashwin Shah were already under locked in from 23/03/2022 till 18/04/2023 in terms of Regulation 238(b) and 239 of the SEBI (ICDR) Regulations, 2018 and hence the Company had applied to the respective Depository for the extension of Lock-in of those shares till 31/07/2023 which has been approved.

5. On the basis of documents produced before me and undertaking produced by the proposed allottees, I certify that the proposed allottees have not sold/transferred/pledged any Equity Shares of the Company during the period of 90 trading days prior to the Relevant Date i.e. Friday, 30<sup>th</sup> December, 2022 and till the date of execution of this certificate. Further, where the proposed allottee(s) is/ are promoter/ promoter group entity, then none of entities in the promoter and promoter group entities has/ have sold any equity share of the company during the 90 trading days preceding the relevant date.
6. The proposed preferential issue is being made in compliance with the provisions of Memorandum of Association (MOA) and Article of Association (AOA) of the company. With respect to compliance with the minimum issue price for equity shares to be issued on preferential basis and in accordance with sub-regulation (1) of regulation 164 of the aforesaid SEBI Regulations, I have verified that the Articles of Association of the Company do not provide for a method of determination floor price.
7. **The Equity Shares of the Company are frequently traded within the meaning of explanation provided in Regulation 164(5) of Chapter V of the SEBI (ICDR) Regulations, 2018.** Pursuant to Regulation 164(5) "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date is at least ten percent of the total number of shares of such class of shares of the issuer. The Company got listed on 06<sup>th</sup> April, 2022 and as on the relevant date the Company was listed for 175 trading days. However, the Company is meeting the criteria of having traded turnover of at least ten percent of the total number of shares of such class of shares of the issuer calculated as on relevant date. Hence, the Company's shares are classified as frequently traded shares.




8. In terms of Regulation 164 of Chapter V of SEBI (ICDR) Regulations, 2018, the minimum price at which equity shares shall be issued pursuant to conversion of warrants shall not be less than higher of the following:
- (a) INR 120.30/- each the 90 trading days volume weighted average price of the related equity shares of the Company quoted on the recognized Stock Exchange preceding the Relevant Date;
- or
- (b) INR 138.48/- each- the 10 trading days volume weighted average price of the related equity shares of the Company quoted on the recognized Stock Exchange preceding the Relevant Date.

Thus, whichever is higher of the above prices. Therefore, the minimum price at which the Convertible Warrants on Preferential basis can be issued is INR 138.48/- each. However, on the recommendation of the Board of Directors in their meeting held on January 03, 2023, it has been decided to issue Convertible Warrants at the price of INR 140 per warrant which has been rounded off to nearest INR 10.

**Accordingly, the issue price is INR 140/- per warrant which is not lower than the price determined in compliance with applicable provisions of SEBI (ICDR) Regulations.**

9. The proposed issue is being made in accordance with the requirements of Chapter V of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018, Section 42 and 62 of the Companies Act 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other requirements of Companies Act, 2013. Further, the company has complied with all legal and statutory formalities and no statutory authority has restrained the company from issuing these proposed securities.
10. The details of the proposed allottees who does not hold any equity shares of the issuer for a period starting from the relevant date till the date of preferential allotment.

Sr. No.	Name of the Proposed Allottee	DP ID/Client ID	Category
1.	Mr. Ashish Ramesh Kacholia	IN30018310381679	Non-Promoter -Public
2.	Mr. Dilip Nanji Chheda	IN30226913707041	Non-Promoter -Public
3.	M/s. Zyana Developers LLP	IN30404510015879	Non-Promoter -Public
4.	M/s. Credent Asset Management Services Private Limited	1201040000055880	Non-Promoter -Public
5.	Mr. Mitul Prafulbhai Mehta	1203320008749640	Non-Promoter -Public

11. As per the draft Notice convening Extra-Ordinary General meeting and undertaking obtained from the Company and proposed allottee the pre-preferential shareholding of the proposed allottee will be locked-in in accordance with Regulation 167 (6) of the SEBI (ICDR) Regulations and no sale of pre-preferential holding will be effected by the allottee from relevant date i.e. Friday, 30<sup>th</sup> December, 2022 till lock -in period as prescribed.
12. Verified the Permanent Account Number ("PAN") of Proposed Allottees subscribing to the Preferential Issue from the copy of PAN card.
13. It is confirmed that none of the proposed allottees belonging to promoter(s) or the promoter group is ineligible for allotment in terms of Regulations 159 of SEBI (ICDR) promoter group Regulations, 2018.



14. I have enquired with the management of the Company and obtained representation to confirm that the Company has adhered to conditions for continuous listing of equity shares as specified in the listing agreement with the NSE.
15. The total allotment to the allottee(s) acting in concert in the present preferential issue in the same financial year is 2.84% and which is less than 5% of the post issue fully diluted share capital of the issuer.

**Conclusion**

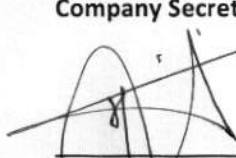
Based on my examination, as above and the information, explanations and written representation provided to me by the Management and employees of the Company as well as proposed allottees, I hereby state that the proposed preferential issue of warrants is being made in accordance with the requirements of the Chapter V of the SEBI ICDR Regulations to the extent applicable and applicable provisions of the Companies Act, 2013 and rules framed thereunder.

**Restriction of Use**

This Certificate is issued solely for the information and use of the Board of Directors of the Company in connection with the proposed preferential issue of warrants and listing thereof and should not be used by any person or for any other purpose. Accordingly, I do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without my prior consent in writing.

Thanking you,  
Yours sincerely,

**For H. M. Mehta & Associates**  
**Company Secretaries**

  
Hemang Mehta  
Proprietor  
C. P. No.: 2554  
FCS No.: F4965  
UDIN: F004965D002866054



**Place: Vadodara**  
**Date: 03/01/2023**