



PNY SABHA FINANCE LTD

CIN : U65910KL1995PLC009493

REGD OFFICE : 7/276/A, PERINGOTTUKARA NAMBOOTHIRI YOGAKSHEMA SABHA BUILDING ,
Anthikad, Thrissur-680 641 PH:0487-2630208 Toll Free No.1800425020

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2022-23

**To,
The Members,**

Your directors have pleasure in presenting their 28th Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2023.

Financial Highlights:

During the year under review, performance of your company was as under (in ` lakh):

| Particulars | Year ended 31 st March 2023 | Year ended 31 st March 2022 |
|--------------------------------|---|---|
| Revenue | 2165 | 2324 |
| Expense | 2664 | 3107 |
| Profit/(Loss) before taxation | (499) | (783) |
| Less : Tax Expense | 130 | (266) |
| Profit/(Loss) after tax | (369) | (517) |

State of the Company's Affairs and Future Outlook:

The company has earned revenue from operations amounting to `2155 lakhs in the FY 2022-23 compared to `2317 lakhs earned in the FY 2021-22. The company has earned total revenue amounting to `2165 lakhs in the FY 2022-23 compared to `2324 lakhs in the FY 2021-22.

The total expenditure of the company has come down from `3107 lakhs in the FY 2021-22 to `2664 lakhs in the FY 2021-22.

The company has incurred loss before taxation amounting to `499 lakhs during the current FY as against loss before taxation amounting to `783 lakhs incurred during previous FY. The company has incurred loss after tax amounting to `369 lakhs during FY 2022-23 as against loss after tax amounting to `517 lakhs incurred during FY 2021-22.

The Board of directors has initiated adequate measures to curb the expenses and enhance profitability of the company. The Board expects better prospects in the coming year.

Change in nature of business:

During the year of report there was no change in the nature of business of the company.

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Dividend:

The Board of Directors has not recommended any dividend to its members during the year.

Amounts Transferred to Reserves:

The company has not transferred any amount to its reserve during the year of report.

Changes in Share Capital:

The authorized share capital of the company has remained unchanged during the year. The issued, subscribed and paid up share capital of the company has increased from `44,70,96,410/- as on FY ended 31.03.2022 to `49,29,64,910/- as on FY ended 31.03.2023.

Issue of Equity Shares with Differential Rights/Employee Stock Options/Sweat Equity Shares:

The company has not issued any shares with differential rights or shares under an employee stock option scheme or sweat equity shares during the year.

Particulars of Loan, Guarantees and Investments under Section 186:

The company has not given any loan or guarantee or provided any security or made investments pursuant to section 186 of the Companies Act, 2013 during the year of report.

Composition of the Board:

The Board of directors of the company comprises of eleven (12) directors as on 31.03.2023. Their names, designation, date of appointment and the number of Board meetings attended by each of them are given below:

| <i>Sl. No.</i> | <i>Name of Director</i> | <i>Designation</i> | <i>Date of Appointment</i> | <i>No. of Board meetings attended</i> |
|----------------|-------------------------|--------------------|----------------------------|---------------------------------------|
| 1. | M S Predeep | Managing Director | 28.06.2007 | 10 |
| 2. | P U Divakaran | Director | 28.06.2007 | 10 |
| 3. | K T Narayanan | Director | 01.12.2004 | 9 |
| 4. | P Raman Namboothiri | Director | 13.08.2011 | 8 |
| 5. | P N Sandeep | Director | 13.08.2011 | 10 |
| 6. | K B Brahmadathan | Director | 20.09.2015 | 7 |
| 7. | N D Unnikrishnan | Director | 22.09.2017 | 10 |
| 8. | P K N Namboodiri | Director | 22.09.2017 | 10 |
| 9. | M S Kesavan | Director | 22.10.2016 | 10 |
| 10. | M Vasudevan | Director | 14.07.2020 | 10 |
| 11. | P N Sreeraman | Director | 30.05.2022 | 7 |
| 12. | Narayanan.M.K | Director | 30.05.2022 | 7 |

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Board Meetings:

During the Financial Year 2022-23, ten (10) meetings of the Board of directors of the company were held. Board meeting dates and the attendance of directors are given below:

| Sl. No. | Date of Meeting | Board Strength | No. of directors present |
|---------|-----------------|----------------|--------------------------|
| 1. | 30.04.2022 | 11 | 10 |
| 2. | 30.05.2022 | 11 | 10 |
| 3. | 11.07.2022 | 13 | 12 |
| 4. | 26.08.2022 | 13 | 13 |
| 5. | 29.09.2022 | 12 | 11 |

| Sl. No. | Date of Meeting | Board Strength | No. of directors present |
|---------|-----------------|----------------|--------------------------|
| 6. | 27.10.2022 | 12 | 10 |
| 7. | 05.12.2022 | 12 | 12 |
| 8. | 19.12.2022 | 12 | 11 |
| 9. | 07.02.2023 | 12 | 11 |
| 10. | 31.03.2023 | 12 | 12 |

Particulars of Contract or Arrangements with Related Parties:

The company has provided remuneration to its directors during the year for carrying out day to day functions related to the management of the company. The company has been using the land owned by Peringottukara Namboothiri Yogakshema Sabha for its business activities and for which the company has been paying rent over a period of time. PNY Sabha Finance Ltd. has been acting as collection agents for private companies under the same management, PNYS Chit Funds Kerala Pvt. Ltd. and PNYS Securities India Pvt. Ltd. and for the above service rendered the company has received commission during the year. Particulars of related party transactions pursuant to section 188 of the Companies Act, 2013, are included in Form AOC – 2 enclosed with this report.

Explanation to Auditor's Remarks:

The company is in the process of developing and installing new ERP software in a phased manner. The company had earlier estimated that the new ERP software shall become fully operational from December 2021 onwards. However due to unforeseen circumstances the target could not be achieved as per schedule. The Board of directors hopes that the current issues relating to identification of NPA and calculation of NPA provisions along with automatic adjustment of interest reversal as per RBI prudential norms shall be eliminated completely once the new software becomes fully operational. The board is taking at most effort to implement the ERP software.

Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo:

Considering the nature of business of the company no comment is required on conservation of energy and technology absorption.

There has not been any foreign exchange earnings or outgo during the financial year.

Material Changes Affecting the Financial Position of the Company:

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year and the date of the report.

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Details of Subsidiary, Joint Venture or Associates:

No other company had become a Subsidiary, Joint Venture or Associate of the company or ceased to be so during the year.

Risk Management Policy:

The company has taken measures to formulate a policy for the effective management of risks faced by the company.

Details of significant & material orders passed by the regulators or courts or tribunal:

The regulators or courts or tribunals had not passed any significant and material orders during the year which impacted the going concern status of the company or the company's operations in future.

Adequacy of Internal Financial Control with Reference to the Financial Statements:

The company has an effective and adequate financial control system in place. The Board has adopted policies and procedures to ensure the orderly and efficient conduct of its business, safeguarding of its assets, the prevention and detection of frauds and errors and the accuracy and completeness of accounting records.

Deposits:

The company has not accepted any deposits covered under the provisions of the Companies Act, 2013, and also there are no outstanding deposits as at the end of the financial year.

Commission:

The company has not provided any commission to its MD/WTD and hence the provisions relating to disclosure as required under section 197(14) of the Companies Act, 2013 are not applicable.

Corporate Governance:

Details of remuneration provided to directors during the year as required under Schedule V of the Companies Act, 2013 are as follows:

| Sl. No. | Director | Remuneration (₹) |
|---------|---------------|------------------|
| 1. | M S Predeep | 3,63,630 |
| 2. | K T Narayanan | 5,36,911 |
| 3. | P N Sandeep | 5,07,127 |
| 4. | M S Kesavan | 3,16,386 |

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Independent Director:

The independent directors have provided to the Board the declaration as required under section 149(7) of the Companies Act, 2013 regarding the criteria of independence laid down in section 149(6) of the Companies Act, 2013.

Details of Directors and Key Managerial Personnel:

Sri. Sreeraman.P.N (DIN: 01795519) and Sri. Narayanan.M.K (DIN: 02105409) were appointed as additional directors on 30/05/2022 and regularized their appointments in the AGM dated 29/09/2022. Sri. Vasudevan Thekkedathamallur Vasudevan retired in the same AGM hold on 29/09/2022.

Sri. Divakaran Pazhangaparambu Unnikrishnan (DIN: 01608147), Sri. Predeep Mankore Sankaran (DIN: 00323900) and Sri. Sandeep Paikkattu Neelakandan (DIN: 03589892) are retiring by rotation in this AGM, being eligible seeking for their re-appointment.

Audit Committee:

The audit committee consists of Sri. M Vasudevan (Chairman), Sri. K B Brahmadathan, Sri. P U Divakaran and Sri. M K Narayanan as its members.

During the FY 2022-23, two (02) meetings of the audit committee were held on 23/04/2022 and 25/08/2022, respectively. The meetings were attended by all the members of the committee.

During the year there were no cases of non acceptance of recommendations of the audit committee by the Board of directors.

Nomination & Remuneration Committee:

The nomination and remuneration committee consists of Sri. K B Brahmadathan (Chairman), Sri. P M Vasudevan and Sri. P U Divakaran as its members.

During the FY 2022-23, One (01) meetings of the nomination and remuneration committee were held on 06/02/2023. The meetings were attended by all the members of the committee.

The committee chiefly deals with matters relating to the size and composition of the Board, succession plans, evaluation of performance, Board diversity and remuneration framework and policies thereon. The committee is in the process of formulating detailed criteria relating to the determination of qualifications, positive attributes and independence of directors and recommendation of candidates to the Board as well as a policy relating to remuneration of directors, key managerial personnel and other employees.

Secretarial Audit Report:

The provisions of the Companies Act, 2013 and the rules framed there under relating secretarial audit report are not applicable to the company.

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Corporate Social Responsibility (CSR) Policy:

The provisions of the Companies Act, 2013 and the rules made there under relating to Corporate Social Responsibility are not applicable to the company.

Annual Evaluation:

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of governance. The main aspects of evaluation included the contribution to governance, participation in planning and fulfillment of obligations and responsibilities.

Vigil Mechanism:

The company has established a vigil mechanism for the directors and employees of the company to report their genuine concerns or grievances as per section 177 of the Companies Act, 2013. The audit committee of the Board shall deal with the grievances raised under the vigil mechanism. The company had not received any complaints/grievances during the year under report.

Internal Complaints Committee:

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The company has not received any complaints during the financial year.

Disclosure u/s 143(12):

The auditors of the company have not reported any fraud pursuant to section 143(12) of the Companies Act, 2013.

Statutory Auditors:

The present statutory auditors of the company, M/s. T V Ganesa Iyer & Co., Chartered Accountants, Thrissur, were appointed for a period of five years in the 25th Annual General Meeting held on 30.12.2020. The statutory auditors shall hold office till the conclusion of the 30th Annual General Meeting of the company.

Cost Auditors:

The company is not required to appoint a Cost Auditor pursuant to the provisions of the Companies Act, 2013.

Cost Records:

The company is not required to maintain cost records pursuant to Section 148(1) of the Companies Act, 2013.

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Directors Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a. in the preparation of the annual accounts for the financial year ended 31st March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annual Return:

Pursuant to section 92(3) read with Section 134(3)(a) the Annual Return is available on the company's website at http://pnysabha.com/images/finance/Form_MGT_7-PNY-SABHA.pdf

Acknowledgment:

We thank our valued shareholders, auditors, bankers, clients and Government authorities for their support. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors

Place: Thrissur

Date: 05.09.2023

Sd/-

M S Predeep
(DIN: 00323900)
(Managing Director)

Sd/-

P U Divakaran
(DIN: 01608147)
(Chairman)

