

Management Discussion and Analysis Report

➤ **Background**

GeeCee FinCap Limited is a wholly owned subsidiary of GeeCee Ventures Limited and is a Systemically Important Non-Deposit accepting Non-Banking Financial Company, holding a certificate of Registration No. N-13.01905 dated 14th July, 2008.

➤ **Macroeconomic Review and Indian Economic Review :**

Global Economy

The onset of the Covid-19 pandemic led the entire global economy into a recession and sparked the strongest economic contraction in history. Most economies recovered sharply thereafter, but a second wave of COVID-19 set the economy back again. Contact-based services were majorly affected and, with travel restrictions imposed to contain the spread of the virus, service sectors like airlines, tourism, hospitality, etc. were the worst hit. On a positive note, the accelerated progress in vaccination efforts and generous fiscal support is ensuring that many of the developed nations regain ground and bring the economy back on the growth track.

The pandemic disrupted lives across all countries and communities and negatively affected global economic growth in 2020 beyond anything experienced in nearly a century. Though the global economy contracted by 3.3% in FY 2020-21 it is expected to see a rebound in FY 2021-22 and it is projected to grow 5.5 percent in 2021-22

Indian Economy

The economic activity gaining momentum post the Covid-19 lockdown, the measures announced by the government and rollout of coronavirus vaccines resulted in an uptick in economic sentiments, but the resurgent Covid-19 second wave has put a dampener on India's growth trajectory. Hopefully, the country should be in a position to control this second wave of Covid-19 infections and, with progress in vaccination and strict implementation of prevention and detection protocols, the country should be on the growth track for the larger part of FY 2021-22.

As per International Monetary Fund (IMF), India is expected to record a growth of about 9.50% in FY 2021-22. This is of course subject to the resurgence of COVID-19 pandemic second wave which has already resulted in lockdowns across different States of India. Any improvement or intensified approach towards the mega vaccination drive can help the Indian economy to achieve the most part of the robust recovery in the services sector and prospects for robust growth in consumption and investment.

➤ **Industry Structure and Developments:**

India has a diversified financial sector undergoing rapid expansion with many new entities entering the market along with the existing financial services firms. The sector comprises commercial banks, insurance Companies, NBFCs, Housing Finance Companies, Co-operatives, Pension Funds, Mutual Funds and other smaller financial entities. Non-Banking Finance Companies (NBFCs) form an integral part of the Indian financial system. India is expected to be fourth largest private wealth market globally by 2028.

Since the last decade, the NBFC sector has held critical importance in the Indian Financial Services sector. NBFC sector plays important role in financial inclusion by meeting credit needs of retail and MSME sector. NBFCs bring the much needed diversity to the financial sector by providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bills discounting for small and medium companies and fee based services such as investment banking and underwriting.

Credit growth (YoY) of the NBFC sector was close to 3 per cent in June 2020. Further, the credit growth contracted in September 2020 with a YoY growth of -6.6 per cent. Bank credit to the NBFC sector was Rs.7.05 lakh crore in June 2020, Rs 8.0 lakh crores in September 2020 and Rs 7.9 lakh crores in December 2020 and Rs 8.9 lakh crores in February 2021. However, mutual funds lending to NBFCs continued to contract in 2020-21 as well.

The NBFCs with asset size of Rs.100 crore are now eligible for debt recovery under SARFAESI Act and can pursue loan recovery under SARFAESI Act for loans starting at Rs.20 lakhs which was earlier Rs.50 lakhs.

➤ **Opportunities and threats:**

Indian Economy provides excellent growth opportunities as the increased thrust to power, road, ports, telecom and other infrastructure projects will create a positive environment for the Investment and Financial Services Industry in India. Further, growth of service sector also presents new opportunities for Investment and Financial Services Industry in India.

With increasing globalization, integration of world markets, it not only provides new avenues for earning opportunities for our investment business but is also impacted / threatened by domestic and global events. The Company believes that it has to adopt robust risk management practices and continuously monitor and adapt to changing dynamics to not only take advantage of the earnings opportunities but also mitigate the risks and threats posed by the local and global events.

There are some of the opportunities for the future of NBFC in India which would help them to growth and emerge and contribute in the economy. One of the biggest opportunities for NBFC is its new to credit investment customers. Such customers are those people who belong from the rural area and have never borrowed credits or loans from any financial institution in the past. People from rural areas have limited access to banks and other credit financial institutions and services and they have to rely upon the NBFCs for availing credits. Therefore, NBFCs are a boon for the rural sector. NBFCs have become a profitable segment for such purposes.

The due diligence is important to optimize the default risk. Since the customers who avail borrowings from NBFCs do not have any credit history, it becomes quite difficult to verify their financial credentials. There NBFCs have to take up additional resources for on- ground visits, reference checks, and etc. all of this adds to the operational cost and becomes difficult to service this segment.

Further, since, new to credit customers do not have any experience on getting financial services, they may not naturally engage with the NBFC to take loans for their business of personal requirements. Therefore, to attract the customers, the NBFCs have to spend additional resources in educating and financial literacy and awareness. On the other hand, once these customers are made aware of the benefits of obtaining a loan from an NBFC, there is an extreme likelihood to convert the lead into real business.

Non- performing assets have been a challenge not only the banks but as well as for the NBFCs. With the new credit customers, the risk remains higher as compared to those customers who have a credit history. Therefore, NBFCs continuously works on checking and balancing so as to make sure that the EMIs are on time and records of the customer's remains up to date and any issues are notified immediately.

➤ **Segment-wise/ Financial & Operational Performance:**

The Company's business activity primarily falls within a Financing and Investment activities. Hence, there are no additional disclosures required under "Accounting Standard - 17 'Segment Reporting'. The Company operates primarily in India; hence there is no other significant geographical segment that requires disclosure. The gross revenue from such Financing and Investment activities for the year is Rs 279.76 Lacs

➤ **Outlook, Risks and concerns:**

The Outlook of the Company for the year ahead is to diversify risk and stabilize its asset quality. The Company will look to grow its supply chain, structured finance and will focus on the recovery.

Risk management forms an integral part of our business. We continue to improve our policies rigorously for the efficient functioning of the business. As a lending company, we are exposed to various risks that are related to our lending business. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks.

Risks are identified at the time of business planning and quantified using scenario planning. The Company takes risk management seriously and its procedures and policies in the area are well defined and considered appropriate for the assessment and management of individual risk categories. One of the major concern for the company is the risks that are associated with the pandemic.

➤ **Internal Control systems and their adequacy:**

The Company has adequate internal control systems commensurate with the size and nature of its business. Well documented policies, guidelines and procedures to monitor business and operational performance, all of which are aimed at ensuring business integrity and promoting operational efficiency. All assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits and review

by management. The system has been designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the Company. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements, if any for strengthening them.

An independent internal audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Their scope of work also includes internal controls on accounting, efficiency and economy of operations.

➤ **Discussion on financial performance with respect to operational performance:**
(Rs. In lakhs)

Particulars	2019-20	2020-21
Revenue from operations	279.76	339.94
Other Income	23.66	9.33
Total Income	303.42	349.27
Expenses		
<u>Less:</u> Purchase of Stock in Trade	0.00	0.00
<u>Less:</u> Financial Costs	70.37	42.74
<u>Less:</u> Depreciation	15.93	10.10
<u>Less:</u> Other Expenses	79.79	99.07
Profit before Taxation & Extra- Ordinary Items	137.33	197.36
<u>Add:</u> Extra- Ordinary Items	0.00	0.00
Net Profit Before Tax	137.33	197.36
<u>Less:</u> Current Tax	15.67	25.91
<u>Less:</u> Mat credit entitlement	(15.67)	0.00
<u>Less:</u> Provision for Deferred Tax	32.70	3.44
<u>Less:</u> Tax in receipt of earlier years	0.00	164.63
Net Profit after Exceptional Items and Tax	104.64	3.38
EPS (Basic per share of face value of Rs. 10/-)	2.79	0.09
EPS (Diluted per share of face value of Rs. 10/-)	2.79	0.09

➤ **Human resources/ Industrial Relations :**

Your Company's closing headcount for F.Y. 2020-21 was 3 GeeCee Fincap Limited recognizes that its people are key to the success of the organization. Your Company continued to make substantial investments in human capital to meet its growth targets. The Company's business is managed by a team of competent and passionate leaders capable of enhancing your Company's standing in the competitive market. The Company's focus is on unlocking the people potential and further developing their functional, operational and behavioural competencies. The relations with all employees of the Company remained cordial and there were no significant issues outstanding or remaining unresolved during the year. The Board of Directors and the Management wishes to place on record their appreciation of the efforts put in by all the employees.

The ultimate aim of the management is to create a dependable work force that will play a key role in assisting the Company to achieve its goals in the various new business

opportunities the Company is pursuing. To achieve the highest levels of organizational performance, Company has a well exercised approach to organizational and personal learning that includes sharing knowledge via systematic processes. In this process, the Company has appointed an external agency to secure protection of and safeguard the women employees against sexual harassment at workplace. Organizational learning includes both continuous improvement of existing approaches and significant change of innovation leading to new goals and approaches.

We believe that our continued success will depend on ability to attract and retain key personnel with relevant skills and performance.

➤ **Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that would influence the Company's operations include cost of raw materials, tax laws, interest and power cost and economic developments and such other factors within the country and the international economic and financial developments.

The Company assumes no responsibility nor is under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

**For and on behalf of the Board of Directors of
GeeCee FinCap Limited**

Gaurav Shyamsukha
Director
(DIN: 01646181)

V.V. Sureshkumar
Director
(DIN: 00053859)

Place : Mumbai
Date : 12th August, 2021

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