

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ➤ **GEECEE FINCAP LIMITED – AN OVERVIEW:**

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 14<sup>th</sup> July, 2008.

### ➤ **MACROECONOMIC REVIEW AND INDIAN ECONOMIC REVIEW:**

#### ▪ **Global Economy**

The financial year 2021-22 set off on a positive note as in the first half the countries across the globe focused on vaccination coverage and implemented various economic stimuli to minimise the impact of COVID-19 and hasten economic recovery but in the second half, as the economies moved on the path of progression, the multiple mutations of Covid-19 resurfaced again - bringing unfavourable consequences to economic output. The rebound continued at a slower pace with new challenges of supply chain disruptions and higher food and energy prices driving inflation to record high levels.

#### ▪ **Indian Economy**

The first half of the financial year 2021-22 in India saw the rise of the “2<sup>nd</sup> Wave” of COVID-19 which forced the Government to impose Lockdowns again. The adverse impact of the “2<sup>nd</sup> Wave” was very limited due to the successful rollout of the world’s largest vaccination drive, pick-up in government expenditure and better preparedness compared with the 1<sup>st</sup> wave limited the negative economic impact.

### ➤ **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.

The NBFC sector witnessed a roller coaster trend in the last few years with multiple themes emerging and trying to gain market foothold. The Reserve Bank of India in its continued endeavour to strengthen regulatory supervision on NBFCs, introduced a host of scale based norms during the year. NBFCs witnessed growing market share despite pandemic-induced slowdown, lower demand, and sharper bank focus on retail loans, during 2021-22.

➤ **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.

Non-banking Financial Companies (NBFC) sector in India has undergone a significant transformation over the past few years and plays a significant role in the growth of the Indian financial system. NBFC in India sector is playing a critical role in the development of Core infrastructure, transport, employment generation, wealth creation, economic development of the weaker sections in India.

Non-Banking Financial Companies have outperformed banks in the Mortgage Industry, by leveraging technology in credit deployment. Technology has made NBFC's expand into underserved segments, where the banks don't serve. NBFC's have carved niche business areas for themselves by understanding customers & building customized products, which the commercial banks fail to. The use of technology is helping NBFC Companies customize credit assessment models and optimize business processes, thereby reducing the time to market and helping improve customer experience. NBFCs are investing in data analytics and artificial intelligence to build robust relationships with their target customer segments.

NBFC's have strongly focused on unorganized & Under-served segments of the economy, which led the companies to create a niche for themselves through frequent interactions with their Customer segments & deeply understanding needs. They are ensuring last-mile delivery & enhanced customer experience of products & services. Several NBFCs have focused on a limited line to serve the target customer segment. Armed with a thorough comprehension of their target segment, NBFCs have customized product offerings to address unique characteristics of the customer segment and focus on meeting the right needs. Several NBFCs are adopting non-standard pricing models for product lines, in-line with the customer profile and inherent risk of lending.

NBFCs have been tying up with multiple alternative lenders with digital platforms and commercial banks as well, which has been adding to their targeted customer base. Given their focus on lending to the sub-prime customer segment, and regulatory disadvantage (SARFEASI, DRT, and capital adequacy requirements) in comparison to commercial bank lenders, NBFCs are ensuring enhanced governance through a proactive, robust and agile risk management model.

Despite all the opportunities, the following threats continue to loom the NBFC Sector:

- Future waves of the pandemic may negatively impact asset quality;
- Uncertain global political environment;
- Tightening regulation of NBFCs;
- Impact on demand in the backdrop of sustained inflation.

➤ **SEGMENT-WISE/ FINANCIAL & OPERATIONAL PERFORMANCE:**

The Company's business activity primarily falls within 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 financial year 2021-2022 is Rs 315.56 Lakhs.

➤ **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 rising inflation and geopolitical tensions in the form of war between Ukraine and Russia.

➤ **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	2021-22	2020-21
Revenue from operations	315.56	339.94
Other Income	23.07	9.33
<b>Total Income from operations</b>	<b>338.63</b>	<b>349.27</b>
<b>Expenses:</b>		
<u>Less: Purchase of Stock in Trade</u>	0.00	0.00
<u>Less: Financial Costs</u>	13.15	42.74
<u>Less: Depreciation</u>	0.38	10.10

<u>Less:</u> Other Expenses	24.90	99.07
<b>Profit before Taxation &amp; Extra- Ordinary Items</b>	<b>300.20</b>	<b>197.36</b>
<u>Add:</u> Extra- Ordinary Items	0.00	0.00
<b>Net Profit Before Tax</b>	<b>300.20</b>	<b>197.36</b>
<u>Less:</u> Current Tax	25.53	25.91
<u>Less:</u> Mat credit entitlement	0.00	0.00
<u>Less:</u> Provision for Deferred Tax	22.74	3.44
<u>Less:</u> Tax in receipt of earlier years	02.63	164.63
<b>Net Profit after Exceptional Items and Tax</b>	<b>249.30</b>	<b>3.37</b>
<b>EPS (Basic per share of face value of Rs. 10/-)</b>	<b>6.65</b>	<b>0.09</b>
<b>EPS (Diluted per share of face value of Rs. 10/-)</b>	<b>6.65</b>	<b>0.09</b>

➤ **HUMAN RESOURCES/ INDUSTRIAL RELATIONS:**

Your Company's closing headcount for F.Y. 2021-22 was 1. 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.