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ANNEXURE B.

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 14th July, 2008.

➢ MACROECONOMIC REVIEW AND INDIAN ECONOMIC REVIEW:

- **Global Economy**

The global economy remained volatile in FY 2022-23. The first half of the financial year witnessed multi-decade high level of inflation rates across countries due to supply chain disruptions and elevated energy prices following Russia's invasion of Ukraine. This resulted in aggressive monetary policy tightening by global Central Banks prioritizing price stability over growth. As a spill-over, the emerging market economies were affected by trade downturn, capital outflows, heightened pressures on currency, elevated inflation, steeper rate actions and eventually a growth slowdown. Apart from these, sporadic news of resurgence of Covid-19 variants in different parts of the globe kept the global economy on the edge.

In the second half of FY 2022-23, the global economic outlook turned somewhat positive amid moderation in inflation imprints on normalisation of supply chain mechanism, easing in energy prices and strengthening demand outlook from reopening of Chinese economy. However, continued geo-political tensions, still high inflation levels and concerns over possible global slowdown due to lagged impact of monetary tightening continue to weigh on global growth outlook. Taking into consideration these prevailing global economic conditions, in April 2023, International Monetary Fund (IMF) has revised downwards the global growth projection for 2023 to 2.8% from earlier estimate of 2.9%.

- **Indian Economy**

The Indian economy remained resilient in FY 2022-23, on the back of robust domestic demand conditions, rebound in contact-intensive services sector, revival of manufacturing and investment activities amid Government focus on capex and a resilient agricultural sector with support from synchronized fiscal & monetary policy measures. However, the slowdown in the global growth momentum had a reflection in domestic economy also and India's real GDP growth for FY 2022-23 is estimated at 7.0% as compared to 9.1% in FY 2021-22, as per second advance estimate of national income.

Sector wise, agricultural sector remained resilient while improvement was observed in manufacturing sector and investment activities. Services sector witnessed a strong rebound in the second half of FY 2022-23 driven by pent-up demand for contact intensive activities such as tourism, retail trade, hotel, entertainment and recreation. However, growth momentum moderated in the external sector due to global headwinds.

Noting resilience of growth momentum of Indian economy along with Govt.'s focus on capex, many multinational organisations have projected Indian economy to be the fastest growing major economy in the global arena and to be a key driver of global growth in FY 2023-24. IMF has noted India to remain a relative "bright spot" in the world economy with a growth rate of 5.9% in FY 2023-24

➢ 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.

Non-Banking Financial Company (NBFC) is a key element of the financial sector providing corpus to small and medium players and enriching their business. NBFCs are the players in the lending space which categorically focus on those at the lower end of the pyramid and are the backbone of any developing economy.

RBI had issued Master Direction on Financial Statements - Presentation and Disclosures vide direction dated 30th August, 2021. Subsequent to this, Reserve Bank of India (RBI) had issued some clarification and has updated the master direction during FY 2022-2023. This master direction contains the format of Balance Sheet and Profit and Loss Account, notes and instructions for compilation, disclosures in notes to accounts and instructions and format for the consolidated financial statements. Apart from financial statements presentation and disclosures, this master direction also includes other instructions such as inter branch account provisioning, reconciliation of accounts, maintenance of reserve fund and deferred tax liability on special reserve.

In order to bring more clarity on the presentation of reverse repo on Bank's balance sheet, RBI issued clarifications on reverse repo transactions dated 19th May, 2022.

Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021, commercial banks (excluding Regional Rural Banks (RRBs)) are required to disclose details of divergence in asset classification and provisioning where such divergence assessed by the RBI exceeds certain specified thresholds. In order to strengthen compliance with income recognition, asset classification and provisioning norms, RBI has revised the specified thresholds for commercial banks and introduced similar disclosure requirements for Primary (Urban) Co-operative Banks (UCBs).

On 16th January, 2023, RBI released the 'Discussion Paper (DP) on Introduction of Expected Credit Loss (ECL) Framework for Provisioning by Banks'. The DP proposes a framework for adoption of an expected loss framework and includes discussion questions on which a final view shall be taken based on the feedback received and after analysing comprehensive data. The feedback/ comments/ suggestions are to be submitted to the RBI by 28th February, 2023 basis which the RBI shall issue the final guidelines.

Upper Layer (NBFC-UL) and Middle Layer (NBFC-ML) are required to have an independent Compliance Function and a Chief Compliance Officer (CCO). NBFC-UL and NBFC-ML should have in place Board approved policy and a Compliance function including appointment of CCO latest by 01st April, 2023 and 01st October, 2023 respectively. Compliance function shall ensure strict observance of all statutory and regulatory requirements for the NBFC, including standards of market conduct, managing conflict of interest, treating customers fairly and ensuring the suitability of customer service. The NBFCs identified as upper layer shall put in place a Board approved policy for adoption of the enhanced regulatory framework applicable to NBFC-UL and chart out an implementation plan for adhering to the new set of regulations within three months from 30th September, 2022. Further, the Board of these NBFCs shall ensure that the stipulations prescribed for the NBFC-UL are adhered to within a maximum time-period of 24 months from the date of this press release.

RBI vide circular dated 11th October, 2022 has clarified that the total assets of all the NBFCs in a group will be consolidated for determination of threshold for their "middle layer" status of NBFCs. If the consolidated asset size of the Group with a common set of promoters is INR 1000 crore and above, then each Investment and Credit Company (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factor and Mortgage Guarantee Company (NBFC-MGC) lying in the Group shall be classified as an NBFC in the Middle Layer. Also, Statutory Auditors are required to certify the asset size as on March 31 of all the NBFCs in the Group every year and which shall be furnished to the Department of Supervision of RBI under whose jurisdiction the NBFCs are registered.

The Indian economy is on a strong growth trajectory, driven by structural reforms, young working population, increasing urbanization and technology driven transformation. From digital ID to real-time instant payment, the country has leapfrogged in digital revolution, and has undertaken strong efforts in energy transition, especially with regards to the development of renewable energy. India has evolved from being among the fragile five economies7 in 2014 to a preferred investment market, at a time when global supply chains are being repositioned following rising geopolitical tensions. Although the country will not be immune to the recessionary trends around the developed world, it will continue to do relatively better than most economies in 2023.

- **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.

India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

India Ratings and Research (Ind-Ra) has maintained a neutral sector outlook and a Stable rating Outlook for non-banking finance companies (NBFCs) for FY23. Ind-Ra believes FY23, in absence of any negative event, would see normalization of business activities, after facing challenges in the past few years following the default by Infrastructure Leasing & Financial Services leading to liquidity challenges and then the COVID-19 pandemic.

NBFCs would begin the year with sufficient capital buffers, stable margins and sizeable on-balance sheet provisioning, while adequate system liquidity would aid funding. Nevertheless, an expected increase in systemic interest rates and asset quality issues in some segments due to the lagged impact of pandemic would be a drag on the operating performance.

Ind-Ra expects NBFCs to maintain loan growth of around 14% yoy in FY23, with FY22 growth closing at 7%-8%. Ind-Ra thus believes FY23 could be a year of normalcy in disbursements. The products such as loans against property, housing loans and vehicle finance could witness a higher demand than personal and unsecured business loans which saw a higher demand during the pandemic. Growth in the vehicle finance segment could revive depending on the availability of vehicles which are facing component shortage due to the pandemic, along with an increase in borrower confidence towards an economic recovery.

Economic Survey 2022-2023 points out that the efforts of RBI and the Government in terms of calibrated policy measures like strengthening the regulatory and supervisory framework, implementation of 4R's approach of Recognition, Resolution, Recapitalization and Reforms have culminated in the enhancement of risk absorption capacity and a healthier banking system balance sheet both in terms of asset quantity and quality over the years.

In view of the rapid growth and structural transformation of the NBFCs, the NBFCs have emerged as the sine qua non of the financial landscape. The NBFCs play a catalytic role in the core development of infrastructure, transport, employment generation, wealth creation opportunities, and financial support for economically weaker sections, especially to the micro, small and medium enterprises (MSMEs) and advancing the process of financial inclusion by complementing the mainstream banking system. The NBFCs are well-positioned to assess the 4 differential needs of their customers and provide customized financial products and solutions (RBI, 2021) Moreover, NBFCs give investors an avenue to invest their assets at higher yields than bank deposits. But it is important for NBFCs –as stressed by the RBI - "to remain prepared to face new challenges and reap emerging opportunities in this dynamic environment, keeping their focus on appropriate business models, adoption of new technologies, sustainability, stability, consumer protection and financial inclusion." "The Reserve Bank's forthcoming initiatives are expected to guide the progress of regulated entities in this direction, secure and preserve financial stability and enhance efficient functioning of markets"

The Union Budget for 2022-23 seeks to support the recent economic growth momentum India has seen, and help it sustain over the long-term. The substantial rise in planned capital expenditure for creation of infrastructure, focus on affordable housing, welfare & development of MSMEs, and the farm economy will prepare India for the next phase of growth. This can lead to creation of millions of new jobs, helping India leverage its young demographic dividend. The new business opportunities and enterprises that will come up due to these projects will also benefit the banking sector.

FinTech industry is an ever-growing sector of the society. As per one of the ideologies of budget 2022 "Atma Nirbhar Bharat Ka Budget", the FinTech industry also strives to make everyone self-reliant. According to the budget 2022-2023, India's growth is expected to grow by 9.27% including high-yielding opportunities for start-ups. As digital payments have grown at a rapid pace, the benefits of digital banking should reach every nook and corner.

So, 75 digital banking units will be set up in 75 districts by scheduled commercial banks that will be like icing on the cake. Focus on the usage of Digital Payment Apps will also be enhanced from our end. All the 1.5 lakh post offices in India will be connected to the core banking system that will enable people to access their accounts online and transfer money within post office accounts and to other banks also. As tax incentives for start-ups to be incorporated until March 31, 2023, Union Budget sounds favorable for FinTech start-ups. Next phase of "Ease of Doing Business, Ease of Living" is also ready to be launched. Hence, we are looking forward to making the best use of new technological and advantageous opportunities designated by the Union Budget 2022-2023.

The budget for the year 2022-23 has provided a promising start for a greener and cleaner future of our economy. Sovereign Green bonds for mobilising resources for green infrastructure will definitely add value in reducing the carbon intensity of the economy. It would have been an icing on the cake if the budget allocation in the clean energy sector would somehow be directly linked with livelihood generation at the local level. Announcement of Vibrant Village Programme and inclusion of decentralised renewable energy resources for villages located on the northern border is also a welcoming step. There is not much for the traditional textile industry. However, the budget incentivises textile exports by exempting various embellishments which might help bonafide exporters indirectly working with traditional crafts.

The Union Budget 2022 has various encouraging initiatives that will propel aspiring entrepreneurs and boost Fintech and start-ups. To further ease the business environment for start-ups, the government has announced the existing tax benefits for start-ups to be extended by one more year up to 31st March 2023. Overall the FM has presented a growth oriented budget focusing on capital expenditure that will go a long way in providing the much needed support for India's long term growth story and help create employment opportunities for the wider section of the society.

India's economy and are one of the major focuses of the government. The Government of India has introduced various new rules and regulations for the NBFC sector in FY 2022-23.

The new regulatory framework, which was primarily introduced to create a level playing field for the MFI segment and help the RBI de-risk the sector, has been very beneficial. One of the major benefits of this new framework is its assessment of household income and debt obligations as a means to better underwriting, and the flexibility of responsible risk pricing approved by the board of the NBFCs, which helped build a stronger lending ecosystem and ensure the smooth functioning of the sector. NBFCs are a crucial part of the banking ecosystem in India. By providing lending services to low-income and high-risk individuals, the NBFC sector is helping strengthen the MSME sector in India. The NBFC sector is expecting this year's budget to provide additional funds for small and medium NBFCs, which will ultimately help the growth of this sector. Furthermore, RBI increased the common household limit earlier this year to Rs 300,000 for loans to qualify as microfinance and the cap on NBFCs was increased to 25% of assets as opposed to 10%. This helped the NBFC sector grow strongly, and the number of unique borrowers sharply increased to 62mn in the second quarter of 2023 as opposed to 60mn in 1QFY23. We are hopeful that the budget will introduce additional regulations like these that will level the playing field for the NBFC sector. Additionally, the RBI has raised rates by a total of 190 basis points since May 2022 in order to curb inflation and its effects. We believe that the repo rates will further increase in 2023, providing an added cushion for dealing with inflation. We also would like to see some taxes relief, in terms of exemptions to NBFCs, within the 2023 budget."

- **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 2022-2023 is Rs 791.35 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 concerns 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.

- **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

(Rs. In lakhs)

Particulars	**2022-23**	**2021-22**
Revenue from operations	791.35	315.56
Other Income	12.18	23.07
Total Income from operations	**803.53**	**338.63**
Expenses:		
Less: Purchase of Stock in Trade	0.00	0.00
Less: Financial Costs	11.52	13.15
Less: Depreciation	0.26	0.38
Less: Other Expenses	22.45	24.90
Profit before Taxation & Extra- Ordinary Items	**769.30**	**300.20**
Add: Extra- Ordinary Items	0.00	0.00
Net Profit Before Tax	**769.30**	**300.20**
Less: Current Tax	84.46	25.53
Less: Mat credit entitlement	0.00	0.00
Less: Provision for Deferred Tax	25.42	22.74
Less: Tax in receipt of earlier years	(4.51)	2.63
Net Profit after Exceptional Items and Tax	**663.93**	**249.30**
EPS (Basic per share of face value of Rs. 10/-)	**17.70**	**6.65**
EPS (Diluted per share of face value of Rs. 10/-)	**17.70**	**6.65**

- **HUMAN RESOURCES/ INDUSTRIAL RELATIONS:**

Your Company's closing headcount for F.Y. 2022-23 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.