



GEECEE FINCAP LIMITED

(Formerly Known As GCIL FINANCE LIMITED)

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Annexure-C

Management Discussion and Analysis Report

➤ Industry Structure and Developments:

India witnessed a growth rate of 7.1 percent in F.Y. 2016-17. In F.Y. 2017-18, GDP growth is esteemed to have been around 6.5 percent again lower than the previous financial year. In F.Y. 2018-19 Indian economy expected to grow at 7-7.5 percent. India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and noteworthy domestic reforms gradually being implemented by the Government.

The Goods and Service Tax (GST), a crucial indirect tax reform was implemented on 1st July, 2017. The new tax structure subsumes various indirect taxes such as excise duty, service tax and Value Added Tax (VAT) which were earlier levied by the Central and State Government. The GST aims to create uniform market and eliminate multiple levels of taxation. Being a destination based tax, it creates a trail of various transactions across the value chain, which is expected to enable to robust tracking of movement of goods across state, drive higher compliance and widen the tax base.

National initiatives such as 'Make in India', 'Skill India', 'Start up India', 'Small cities', 'Housing for all', 'Affordable Low Cost Housing'; 'streamlining of taxation structure with passage of the GST, strengthening of infrastructure etc. would lead to improvement in the economic growth of the Country. Another great initiative i.e. 'Digital India' focuses on three core components; to create digital infrastructure, to deliver services digitally and to increase digital literacy. From the point of significance of presence and performance, Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs) continue to make the major impact on the lending side both in consumer/retail lending and commercial lending.

After the temporary slowdown triggered by demonetisation and Goods and Service Tax (GST), the economy started showing signs of recovery in second half of the year. The farm, manufacturing and service sectors propelled this growth, which is expected to sustain in the coming year. The Government continued with its reform agenda, with the most notable ones being dynamic fuel pricing (June, 2017), Goods and Service Tax (GST) (July, 2017), Banking Regulation (Amendment) Bill, 2017 (August, 2017) and liberalisation of FDI Policy. Demonetisation, along with various measures taken to promote digital payment, boosted transactions through systems such as debit and credit cards, prepaid wallets, UPI, mobile banking etc.

Indian Financial Service Industry:

India's diversified financial sector is undergoing rapid expansion. The Indian financial service sector, comprising of a range of institutions from commercial and co-operative banks, pension funds and Non-Banking Financial Companies (NBFCs) to Mutual Funds, Insurance companies etc. is diverse and expanding rapidly. The government of India and Reserve Bank of India (RBI) have also allowed new entities such as payments banks and small finance banks to enter the financial sector. The financial sector predominantly comprises of the banking sector, with commercial banks accounting for more than 64% of the total assets held by the financial system. However, role of the NBFC sector has been growing. India's financial services sector plays a critical role in driving the country's economic growth by providing a wide spectrum of financial and allied services to a large consumer cross-section. In India, the market for financial services sector is still largely untapped. Digital technology, which has transformed the way business is conducted across the world, is projected to be one of the major drivers for the growth of this sector in India as well. An extensive range of financial products are increasingly being sold and delivered using the electronic platform to millions of customers in India. Greater use of digital technology is helping the sector to lower transaction cost, generate higher productivity and reach unexplored markets in the financial ecosystem. In the current situation where the Government seeks to reduce the economy's dependence on cash, the increased focus on technology acceptance promises to take the sector on a path of rapid growth.

NBFC Sector

The Non-Banking Financial Company (NBFC) sector in India has undergone a significant transformation over the past few years. It has to be recognised as one of the systemically important components of the financial system. NBFCs play a critical role in infrastructural development, employment generation, wealth creation opportunities and financial support for economic weaker sections. It also provides services to the micro, small and medium enterprises (MSMEs) segment. Some of the reasons for the success of the sector include cost efficiency, refined product lines and better customer services. Niche segmentation, simplified procedures and a focused credit approach are believed to be the key factors bolstering the profitability of NBFCs, making them one of the highest value creating business models within the Indian economy.

> Segment-wise/ Financial & Operational Performance:

GeeCee FinCap Limited (formerly known as GCIL Finance Limited) is a wholly owned subsidiary of GeeCee Ventures Limited and a Systemically Important Non Deposit Taking Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration No. N-13.01905 from the Reserve Bank of India ("RBI") in the name of GeeCee FinCap Limited dated 20th July, 2017. The Company is also engaged in other businesses through its wholly owned subsidiaries - Oldview Agriculture Private Limited, Neptune Farming Private Limited and Retold Farming Private Limited.



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During the Financial year 2017-18, there is an increase in total revenue of Rs. 1734.74 Lakhs as compared to previous year of Rs. 438.01 Lakhs. After deducting all expenses, Company has incurred loss of Rs. 31.27 lakhs during the F.Y. 2017-18 whereas in F.Y. 2016-17 the Company has profit of Rs. 351.51 Lakhs.

The Company has only one class of shares- Equity shares of face value of Rs. 10 each. The authorised share capital of the Company is Rs. 4, 50, 00,000/- divided into 45, 00,000 Equity Shares of Rs. 10/- each. However, paid up share capital of the Company is Rs. 3,75,00,000/- divided into 37,50,000 Equity Shares of Rs. 10/- each. Your Company is wholly owned subsidiary of GeeCee Ventures Limited.

The Company is now more in granting finance/loans with recent changes in the environment including RERA and Bankruptcy code. Information and documents uploaded by the builders with RERA such as approved building plans, title deeds, encumbrance, construction stage update, inventory timeline of completion of projects, escrow accounts towards payments etc. give us better control and comfort for speedy disbursements to individual customers.

➤ **Opportunities and threats:**

NBFC sector's growth appears sustainable as India has a low GDP to credit penetration. Further, many structural factors are supportive for NBFC growth such as RBI initiatives on policy alignment and latent credit demand in certain segments not catered to by banks. In order to sustain in the market, Companies need to grow in a prudent manner while focusing on financial innovation, analytics and adequate risk management systems and procedures.

The RBI is constantly issuing new regulations or modifying existing regulations endeavouring to balance the multiple objectives of financial stability, consumer protection and regulatory arbitrage concerns. The RBI, however, implements major changes in a structured manner providing companies operating in the sector adequate time to adapt and adjust.

Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and competitive landscape. With new entities like the payment banks, small banks, new universal banks entering the market place, the Company needs to maintain its competitive edge through constant adaptation and creating strategies to protect its niche.

In the Investing/Financing business while there has been considerable improvement in macro variables, the same has not yet favourably impacted the corporate earnings owing to lower rural demand, currency headwinds and delay in the revival of investment cycle. It is expected to have picked on corporate governance with full transmission of interest rate and impact of lower commodity prices translates to lower input costs for corporate. Medium term risk in the form of global slowdown and slow movement of critical reforms to push through may continue to weigh on market



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sentiments. Nevertheless, we continue to remain positive on equities as an asset class with expectations of improvement in corporate balance sheet and revival of investment cycle.

Investments are never risk free and are prone to various global and local issues which may at any time turn a profitable investment to loss making investment. Investment in Equity, Debt, and Mutual Fund are all asset class whose performance depends on the various factors which are not controllable. Other risks which affect financial services in India are slower than expected recovery of macro-economy, domestically as well as globally, or inability of Government to push through major economic reforms can delay the return of growth. The total transmission of rate cuts would reduce the long term returns on interest bearing investment and financing instruments.

➤ Outlook, Risks and concerns:

With the implementation of single tax (GST), consumers will not be subjected to the pain of double taxation. The year ahead is full of opportunities as the confidence of customers has increased after implementation of RERA. The Company expects the growth to sustain by focusing on affordable housing and prudent risk management. Going forward, the Government's initiatives like 'Make in India', 'Start up India' and 'Digital India' are expected to bolster development in India.

With the schemes launched by government such as Pradhan Mantri Jan-Dhan Yojana (PMJDY), there has been a substantial increase in number of bank accounts. As traditional banks are already under stress; NBFCs would be of vital importance and can fill the necessary credit demand gap. Additionally, the Indian consumer is adopting digital technology in his/her daily life. Thus, NBFCs need to rethink on their strategies to enhance their product portfolio, processes and customer experience. Besides NBFCs also need to think on digital data for better credit decisions and social media to serve customers better.

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. The major types of risks in the business are Credit risk, Market risk; Operational risk and Liquidity risk are the key risks. The Company has formulated a policy which involves risk identification, assessment and risk mitigation planning for business, strategic, operational; financial and compliance related risks. A robust internal check process is deployed to prevent and limit risk of noncompliance. 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



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considered appropriate for the assessment and management of individual risk categories.

➤ **Human resources/ Industrial Relations :**

Your company's closing headcount for the F.Y. 2017-18 was 2.

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 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 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.

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

The Company has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, 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, review by management, documented policies, guidelines and procedures. 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.



✓ **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 laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that would influence the Company's operations include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy.

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 (Formerly known as GCIL
Finance Limited)



Gaurav Shyamsukha
Director
(DIN: 01646181)

V.V. Sureshkumar
Director
(DIN: 00053859)

Place : Mumbai

Date : 8th August, 2018

REGISTERED OFFICE:

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