



Fusion Microfinance Limited

(Formerly known as Fusion Micro Finance Private Limited)

CIN : L65100DL1994PLC061287

Date: 06.11.2023

Letter No. FMFL/SEC/2023-24/SE-90

The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip Code: FUSION	The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Scrip Code: 543652
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Sub: Outcome of Board Meeting, Financial Results & Press Release for the Quarter and Half Year ended September 30, 2023.

Dear Sir/Ma'am,

Pursuant to Regulation 30 read with Regulation 33, Regulation 52, Regulation 54 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of the Company in its meeting held on Monday, the 06 day of November 2023 has, inter-alia, approved the Unaudited Financial Results of the company for the Quarter and Half Year ended on September 30, 2023 along with the Limited Review Report thereon issued by M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company. The aforesaid Board Meeting started at 02:20 PM (IST) and concluded at 05:35 PM (IST).

A copy of the aforesaid Financial Results is enclosed herewith along with the Limited Review Report & Press Release. The same is also available on the website of the Company i.e. www.fusionmicrofinance.com.

Kindly take the same on your record.

**For Fusion Micro Finance Limited
(Formerly Fusion Micro Finance Private Limited)**

**Deepak Madaan
Company Secretary & Chief Compliance Officer
Membership No. A24811
Place: Gurugram**



Fusion Micro Finance Limited – Financial Results for Q2 FY24

Profit After Tax (PAT): ₹ 125.69 Crores ↑ 32.22%

Asset under Management (AUM): ₹ 10,026.43 Crores ↑ 24.60%

Pre-provision Operating Profit (PPOP): ₹ 241.79 Crores ↑ 29.11%

Delhi, 6th November 2023: Fusion Micro Finance Limited [BSE (BOM: 543652) and NSE (NSE: FUSION)], one of the leading NBFC-MFIs in India, today announced its unaudited and limited reviewed financial performance for the second quarter of the financial year 2023-2024.

Special Highlights: Q2 FY24

- Crossed a significant milestone of INR 10,000 Crores AUM
- CRISIL has upgraded the credit rating to 'CRISIL A+/Stable'. This is the second rating upgrade in the last 11 months.

Business Highlights: Q2 FY24

- Asset under Management (AUM) grew 24.60% YoY from INR 8,047.18 Crores to INR 10,026.43 Crores
- Disbursements grew 14.22% YoY to INR 2,343.77 Crores
- Net NPA 0.65%
- Borrower base increased to 36.9 lakhs
- 61 branches added in Q2 FY24, increasing the total branch network to 1,164 across 22 States, including 3 Union Territories

Financial Highlights: Q2 FY24

- Total income increased 26.29% YoY from INR 452.33 Crores to INR 571.26 Crores
- Net interest income (NII) increased 26.33% YoY from INR 241.07 Crores to INR 304.54 Crores
- Pre-provision operating profit (PPOP) increased 29.11% YoY from INR 187.27 Crores to INR 241.79 Crores
- Total Expected Credit Loss (ECL) is INR 300.24 Crores (3.34%) (includes management overlay of INR 61.48 Crores), GNPA of INR 241.10 Crores (2.68%) and NNPA reduced to 0.65% from 0.78% (QoQ)
- Write-offs were INR 103.42 Crores
- Profit After Tax (PAT) increased by 32.22% YoY to INR 125.69 Crores from INR 95.06 Crores
- Healthy capital position with CRAR of 28.78%.
- Robust liquidity of INR 1,400.43 Crores of cash & cash equivalents, amounting to 13.42% of the total assets

Commenting on the performance, **Devesh Sachdev, Managing Director and CEO, Fusion Micro Finance Ltd.** said, *"We continue to deliver good set of numbers and are confident of strong performance in FY24. In this quarter, we achieved two very significant milestones of crossing INR 10,000 Crores Asset Under Management and a rating upgrade to 'CRISIL A+/Stable'. This is a second upgrade in less than 11 months. We added ~2.4 lakh new clients in H1, YOY growth of 17.69 %. We have clocked INR 125.69 Crores Profit After Tax (PAT), up by 32.22 % YOY. We are navigating the elevated cost of funds environment very well with Marginal Cost of Borrowing at 10.55 % which is lowest in the last 4 quarters. Our key strategic focus remains delivering long term sustainable growth".*

Financial Snapshot: Q2 FY24

(₹ in crore)

Particulars	Q2 FY24	Q2 FY23	YoY%	Q1 FY24	QoQ%	H1 FY24	H1 FY23	YoY%
Interest Income	496.80	399.76	24.27%	479.00	3.72%	975.80	729.12	33.83%
Total Income	571.26	452.33	26.29%	552.78	3.34%	1,124.04	812.78	38.30%
Finance Cost	191.01	157.33	21.41%	183.48	4.10%	374.49	300.52	24.61%
Profit Before Tax	165.59	126.08	31.34%	159.46	3.84%	325.05	226.21	43.69%
Profit After Tax	125.69	95.06	32.22%	120.46	4.34%	246.15	170.16	44.66%
EPS (Basic) (Rs)	12.52	11.48		12.00		24.52	20.56	
EPS (Diluted) (Rs)	12.43	11.36		11.93		24.35	20.33	

Key Metrics: Q2 FY24

(₹ in crore)

Particulars	Q2 FY24	Q2 FY23	YoY%	Q1 FY24	QoQ%	H1 FY24	H1 FY23	YoY%
AUM	10,026.43	8,047.18	24.60%	9,711.75	3.24%	10,026.43	8,047.18	24.60%
Borrowers	0.37	0.32	15.67%	0.36	1.37%	0.37	0.32	15.67%
Number of Branches	1,164	1,031	12.90%	1,103	5.53%	1,164	1,031	12.90%
Particulars	Q2 FY24	Q2 FY23	YoY%	Q1 FY24	QoQ%	H1 FY24	H1 FY23	YoY%
Net Interest Income (NII)	304.54	241.07	26.33%	294.07	3.56%	598.61	425.74	40.60%
Pre-Provision Operating Profit (PPOP)	241.79	187.27	29.11%	235.39	2.72%	477.18	307.46	55.20%
Key Ratios	Q2 FY24	Q2 FY23	YoY%	Q1 FY24	QoQ%	H1 FY24	H1 FY23	YoY%
Net Interest Margin (NIM)	11.12%	10.21%	8.91%	10.89%	2.11%	10.95%	9.79%	11.85%
Cost/Income Ratio	36.41%	36.52%	(0.30%)	36.26%	0.41%	36.34%	39.98%	(9.10%)
Opex/Average AUM	5.61%	5.58%	0.54%	5.64%	(0.53%)	5.64%	5.52%	2.17%
Gross NPA	2.68%	3.83%	(30.03%)	3.20%	(16.25%)	2.68%	3.83%	(30.03%)
Expected Credit Loss (ECL)	300.24	285.08	5.32%	328.38	(8.57%)	300.24	285.08	5.32%
Return on Assets (ROA) (Annualised)	4.94%	4.78%	3.35%	4.99%	(1.00%)	4.97%	4.37%	13.73%
Return on equity (ROE) (Annualised)	20.02%	25.95%	(22.85%)	20.21%	(0.94%)	20.10%	23.87%	(15.79%)

About Fusion Micro Finance Limited:

Fusion Micro Finance [BSE (BOM: 543652) and NSE (NSE: FUSION)] founded in 2010, is amongst India's leading NBFC-MFIs, touching the lives of ~36.9 lakh rural clients in the country. Fusion Micro Finance was established with the core idea of creating opportunities at the bottom of the pyramid by providing financial services to the underserved and unserved women entrepreneurs in rural areas. It is one of the youngest companies to be among the top NBFC MFIs in the country, growing consistently with an extensive network of 1,164 branches spread across 22 states including 3 Union Territories, as of 30th Sept 2023. Fusion believes in robust business practices and transparent policies as expressed in its customer-centric efforts toward clients and is committed to creating sustained and balanced stakeholder value.

For more information, please visit www.fusionmicrofinance.com OR contact:

Deepak Madaan – investor.relations@fusionmicrofinance.com / 9910075507

Company Secretary & Compliance Officer

Fusion Micro Finance Limited

Sherry Advant – sherry.advant@archetype.co / 9810355432

Public Relations

Archetype India

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
FUSION MICRO FINANCE LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Fusion Micro Finance Limited (the "Company") for the quarter and half year ended September 30, 2023 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



Jitendra Agarwal

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 23087104BGYLB7419)

Place: Gurugram
Date: November 6, 2023

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
CIN: L65100DL1994PLC061287
Registered office address : H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Statement of Unaudited Financial results for the quarter and half year ended September 30, 2023

(₹ in crore unless otherwise stated)

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Interest income	496.80	479.00	399.76	975.80	729.12	1,600.10
Fees and commission income	8.49	16.10	4.67	24.59	5.74	19.58
Net gain on fair value changes	11.83	10.79	4.34	22.62	9.04	25.38
Net gain on derecognition of financial instruments under amortised cost category	29.52	25.18	30.92	54.70	38.51	96.86
Total revenue from operations	546.64	531.07	439.69	1,077.71	782.41	1,741.92
Other income	24.62	21.71	12.64	46.33	30.37	58.05
Total income	571.26	552.78	452.33	1,124.04	812.78	1,799.97
Expenses						
Finance costs	191.01	183.48	157.33	374.49	300.52	642.78
Impairment on financial instruments	76.20	75.93	61.19	152.13	81.25	200.37
Employee benefit expense	99.28	97.84	79.71	197.12	151.94	325.52
Depreciation and amortization expense	2.09	1.76	1.67	3.85	3.15	7.41
Other expenses	37.09	34.31	26.35	71.40	49.71	111.91
Total expenses	405.67	393.32	326.25	798.99	586.57	1,287.99
Profit before tax for the period/year	165.59	159.46	126.08	325.05	226.21	511.98
Tax expense/(credit):						
Current tax	36.23	47.86	37.42	84.09	40.28	110.60
Deferred tax	3.67	(8.86)	(6.40)	(5.19)	15.77	14.23
Income tax expense	39.90	39.00	31.02	78.90	56.05	124.83
Profit after tax for the period/year	125.69	120.46	95.06	246.15	170.16	387.15
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement gains on defined benefit plans	0.86	0.32	0.74	1.18	1.31	0.42
Income tax effect	(0.22)	(0.08)	(0.19)	(0.30)	(0.33)	(0.11)
Total other comprehensive income	0.64	0.24	0.55	0.88	0.98	0.31
Total comprehensive income for the period/year	126.33	120.70	95.61	247.03	171.14	387.46
Paid up Equity Share Capital (Face value of ₹ 10/- each)	100.48	100.38	82.81	100.48	82.81	100.35
Other Equity						2,221.57
Earnings per share (equity share, par value of ₹ 10 each)						
Computed on the basis of total profit for the period/year						
Basic earnings per share (BEPS) # (₹)	12.52	12.00	11.48	24.52	20.56	43.29
Diluted earnings per share (DEPS) # (₹)	12.43	11.93	11.36	24.35	20.33	43.13

#BEPS and DEPS for the quarter and half year ended periods are not annualised

For and on behalf of the Board of Directors of
Fusion Micro Finance Limited



Devesh Sachdev
Managing Director and CEO

Place: Gurugram
Date: November 06, 2023



NOTES

Note 1 : Statement of Unaudited Assets and Liabilities for the half year ended September 30, 2023

(₹ in crore unless otherwise stated)

Particulars	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023
	Unaudited	Unaudited	Audited
ASSETS			
Financial assets			
Cash and cash equivalents	1,400.43	916.70	950.36
Bank balance other than cash and cash equivalents	60.70	112.86	114.67
Trade receivables	12.42	6.09	14.38
Loans	8,694.71	7,035.69	8,041.56
Investments	2.02	-	-
Other financial assets	85.09	88.62	96.92
Derivative financial instrument	-	-	0.14
Total financial assets	10,255.37	8,159.96	9,218.03
Non-financial assets			
Current tax assets (net)	34.87	28.37	38.36
Deferred tax assets (net)	82.64	70.66	77.74
Property, plant and equipment	14.47	13.07	13.28
Capital work-in-progress	-	-	0.25
Right of use asset	8.52	7.53	7.66
Intangible assets	0.11	0.04	0.02
Intangible assets under development	0.73	-	-
Other non- financial assets	35.04	9.99	8.20
Total non-financial assets	176.38	129.66	145.51
Total assets	10,431.75	8,289.62	9,363.54
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instrument	1.31	11.26	-
Trade payables	-	-	-
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small	101.79	62.80	81.39
Debt securities	537.14	657.06	628.80
Borrowings (other than debt securities)	6,907.55	5,726.76	6,036.61
Subordinated liabilities	83.21	162.77	112.99
Other financial liabilities	181.13	106.56	147.10
Total financial liabilities	7,812.13	6,727.21	7,006.89
Non-financial liabilities			
Current tax liabilities (net)	0.01	0.11	0.71
Provisions	13.44	8.13	11.03
Other non-financial liabilities	29.24	40.51	22.99
Total non-financial liabilities	42.69	48.75	34.73
Total liabilities	7,854.82	6,775.96	7,041.62
EQUITY			
Equity share capital	100.48	82.81	100.35
Other equity	2,476.45	1,430.85	2,221.57
Total equity	2,576.93	1,513.66	2,321.92
Total liabilities and equity	10,431.75	8,289.62	9,363.54



Note 2 : Statement of Unaudited Cash flows for the half year ended September 30, 2023

(₹ in crore unless otherwise stated)

Particulars	For the half year ended	For the half year ended	For the year ended
	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Audited
Cash flow from operating activities			
Profit before Tax	325.05	226.21	511.98
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	3.85	3.15	7.41
Impairment of financial instruments-Loans	150.36	81.11	199.51
(Gain)/ Loss on fair value changes	(0.02)	-	-
Impairment of financial instruments-other financial assets	1.77	0.14	0.86
Finance cost on lease liability	0.53	0.47	1.02
Provision for gratuity	1.65	1.39	3.12
Provision for compensated absences	2.59	1.61	2.75
Other provisions	(0.65)	0.66	(1.59)
Net gain on sale of mutual fund investment	(22.60)	(9.04)	(25.38)
Net gain on derecognition of financial instruments under amortised cost category	(54.70)	(38.51)	(96.86)
Employee share based compensation	4.94	4.08	6.72
Effective interest rate adjustment for financial instruments	(0.35)	(5.16)	(3.46)
Net foreign exchange differences	(1.31)	(4.55)	4.62
Fair value loss on derivative financial instruments	1.45	3.54	(7.85)
Operating cash flow before working capital changes	412.56	265.10	602.85
<i>Movement in working capital:</i>			
(Increase)/decrease in loans	(803.51)	(1,198.61)	(2,322.88)
(Increase)/decrease in trade receivables	1.96	(1.84)	(10.13)
(Increase)/decrease in other financial assets	64.76	15.45	55.58
(Increase)/decrease in other non- financial assets	(26.84)	(3.82)	8.43
(Increase)/decrease in bank balance other than cash and cash equivalents	53.97	29.24	27.56
Increase/(decrease) in trade payables	20.40	25.36	43.96
Increase/(decrease) in other financial liability	32.89	23.47	42.84
Increase/(decrease) in other non-financial liabilities	6.25	(1.42)	1.74
Cash flow from operations	(237.56)	(847.07)	(1,550.05)
Income tax paid	(81.30)	(33.28)	(112.99)
Net cash used from operating activities (A)*	(318.86)	(880.35)	(1,663.04)
II. Cash flow from investing activities			
Purchase of property, plant and equipments	(4.10)	(3.47)	(7.28)
Payment against capital work-in-progress	-	-	(0.25)
Purchase of intangible assets	(0.13)	-	-
Payment against intangible assets under development	(0.73)	-	-
Purchase of investments	(5,692.00)	(3,635.00)	(7,715.00)
Proceeds from sale of investments	5,712.60	3,644.03	7,740.38
Net cash flow from investing activities (B)	15.64	5.56	17.85
III. Cash flow from financing activities			
Proceeds from issue of equity shares (net of share issue expenses)	3.04	0.41	584.46
Repayment of debt securities	(91.80)	(306.90)	(335.37)
Proceeds from debt securities	-	180.00	180.00
Repayment of borrowings (other than debt securities)	(2,270.43)	(1,861.10)	(3,808.20)
Proceeds from borrowings (other than debt securities)	3,143.38	2,768.50	5,015.00
Repayment of subordinated debt	(30.00)	(0.79)	(50.00)
Payment of lease liability	(0.90)	-	(1.71)
Net cash flow from financing activities (C)	753.29	780.12	1,584.18
Net (decrease)/increase in cash and cash equivalents (A + B + C)	450.07	(94.67)	(61.01)
Cash and cash equivalents at the beginning of the year	950.36	1,011.37	1,011.37
Cash and cash equivalents at the end of the year	1,400.43	916.70	950.36

* Cash flow from operating activities includes interest received of ₹ 1,028.31 crore (30 September 2022: ₹ 762.04 crore & 31 March 2023: ₹ 1,661.58 crore) and interest paid of ₹ 361.59 crore (30 September 2022: ₹ 293.65 crore & 31 March 2023: ₹ 623.09 crore).



Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
(CIN: L65100DL1994PLC061287)

Registered office address: H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028

Financial results for the quarter and half year ended September 30, 2023

3. The financial results have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors of Fusion Micro Finance Limited ("the Company") in their meeting held on November 06, 2023. The Company has prepared these financial results in accordance with the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations, 2015") and the accounting standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and relevant provisions of the Companies Act, 2013, as applicable. The Company has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statement for the year ended March 31, 2023. The limited review of financial results for the quarter and half year ended September 30, 2023 have been conducted by the Statutory Auditors of the Company.
4. The Company operates in a single business segment i.e., lending to borrowers, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in single geographic segment i.e., domestic.
5. (i) The Company, during the quarter ended September 30, 2023, has allotted 3,93,150 number of treasury equity shares to Fusion Employee Benefit Trust for the purpose of issue of shares to employees at the time of exercise, as approved by the board of directors of the Company in their meeting held on August 02, 2023.
- (ii) The Company, during the quarter and half year ended September 30, 2023, has issued 1,06,020 and 1,36,168 number of equity shares respectively, each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
6. (i) The Company had created liability for IPO (Initial Public Offer) related expenses amounting to ₹ 56.37 crore during the previous year ended March 31, 2023. This comprises the Company's share of ₹ 30.64 crore and Selling Shareholder's share of ₹ 25.73 crore. As on September 30, 2023, of these liabilities, the Company had paid ₹ 29.50 crore and remaining liability of ₹ 26.87 crore is being carried forward. The details of liabilities incurred are given below:

(₹ in crore unless otherwise stated)

Particulars	Amount provided for as IPO expenses	Amount paid upto September 30, 2023
BRLMs fees and commissions (including underwriting commission)	26.70	1.41
Advertising and marketing expenses for offer	7.40	6.62
Regulatory & other expenses	5.03	4.47
Printing and stationery expenses	2.38	2.38
Fees payable to legal counsel	7.55	7.66
Fees payable to other advisors to the offer	5.00	5.88
Miscellaneous expenses	2.31	1.08
Total	56.37	29.50

(ii) The net proceeds from IPO had been utilized during the previous year ended March 31, 2023.

7. Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for half year ended September 30, 2023 is attached as Annexure I.
8. As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on September 30, 2023, all Secured Non - Convertible debt securities {Secured Non- Convertible Debenture ("the NCD")} of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on the NCD. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of these NCD's at all times. Further disclosure under regulation 54(3) are given under Annexure II.
9. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.



10. Details of loans transferred/acquired during the quarter ended September 30, 2023, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

(i) Details of loans not in default transferred through assignment:

(₹ in crore unless otherwise stated)

Particulars	Transferred (MFI loans)
Number of loans	1,76,726
Aggregate amount of loans (including retention)	441.58
Sale Consideration of loans (excluding retention)	397.42
Number of transactions	2
Weighted average in maturity (in months)	14.01
Weighted average holding period (in months)	10.93
Retention of beneficial economic interest by the originator	10.00%
Tangible security cover	-
Rated wise distribution of rated loans	Not applicable
Number of instances (transactions) where transferred as agreed to replace the transferred loans	-
Number of transferred loans replaced	-

(ii) The Company has not transferred any non-performing assets (NPAs).

(iii) The Company has not acquired any loans through assignment.

(iv) The Company has not acquired any stressed loan.

11. Disclosure of Liquidity Risk Management as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20

(₹ in crore unless otherwise stated)

Particulars	For the quarter ended September 30, 2023	
	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)	-	511.44
Cash Outflows		
2 Deposits (for deposit taking companies)	-	-
3 Unsecured wholesale funding	-	-
4 Secured wholesale funding	-	-
5 Additional requirements, of which		
(i) Outflows related to derivative exposures and other collateral requirements	-	-
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	-	-
6 Other contractual funding obligations	583.22	670.70
Total Cash Outflows	583.22	670.70
Cash Inflows		
7 Secured lending	-	-
8 Inflows from fully performing exposures	-	-
9 Other cash inflows	1,034.26	775.70
Total Cash Inflows	1,034.26	775.70
		Total Adjusted Value
Total HQLA		511.44
Total net cash outflows		167.68
Liquidity Coverage ratio (%)		305.01%
Following assets formed part of HQLA		
Assets		
Cash on hand		11.42
Balances with banks - Current Accounts		500.02
Total		511.44

12. (i) Details of resolution plan implemented under the Resolution Framework for COVID-19-related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) are not applicable as the Company has not restructured any loan accounts under resolution framework 1.0.

(ii) Details of resolution plan implemented under the RBI Resolution Framework - 2.0: Resolution are given below: -

(₹ in crore unless otherwise stated)

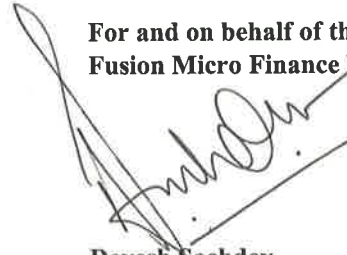
Type of borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan- Position as at the end of previous half year i.e., March 31, 2023 (A)	of (A), aggregate debt that slipped into NPA during the half year ended September 30, 2023 (B)	of (A), amount written-off during the half year ended September 30, 2023. (C)	of (A), amount paid by the borrowers during the half year ended September 30, 2023. * (D)	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of this half year i.e., September 30, 2023 (A-C-D)
JLG loans	14.89	0.23	9.91	2.03	2.95
MSME loans	0.39	0.01	0.00	0.04	0.35

* Amount paid by the borrower during the year is net of additions in the exposure on account of interest accrual.

13. Previous periods/year figures have been regrouped / rearranged wherever necessary to conform with current period's classification.

14. The above financial results are available on the stock exchange website's i.e., National Stock Exchange (www.nseindia.com) and BSE Limited (www.bseindia.com) and can be accessed on the website of the Company (www.fusionmicrofinance.com).

For and on behalf of the Board of Directors of
Fusion Micro Finance Limited



Devesh Sachdev
Managing Director & CEO



Place: Gurugram

Date: November 06, 2023



Annexure I**Disclosures as per Regulation 52(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), for half year ended as on September 30, 2023****(₹ in crore unless otherwise stated)**

Particulars	Half year ended
	September 30, 2023
(i) Debt-equity ratio (Times) *	2.92
(ii) Net worth **	2,576.93
(iii) Net profit after tax	246.15
(iv) Earnings per share (EPS) (Face Value of ₹ 10/- each):	
(a) Basic EPS (₹) before & after extraordinary items (net of tax expense)	24.52
(b) Diluted EPS (₹) before & after extraordinary items (net of tax expense)	24.35
(v) Total debts to total assets #	0.72
(vi) Net profit margin (%) ##	21.90%
(vii) Outstanding Redeemable Preference Shares	-
(viii) Capital Redemption Reserve	Not applicable
(ix) Debenture Redemption Reserve	Not applicable
(x) Sector specific equivalent ratio include following:	
(a) Gross Stage III (%) @	2.68%
(b) Net Stage III (%) @@	0.65%
(c) Provision coverage &	76.39%
(d) Capital risk adequacy ratio (CRAR) %-Total	28.78%

Notes:

* Debt-equity ratio = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities)/Networth.

** Networth is calculated as defined in section 2(57) of Companies Act 2013.

Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities)/total assets

Net profit margin = Net profit after tax/ total income.

@ Gross Stage III (%) = Gross Stage III Loans EAD/Gross Total Loans EAD. Exposure at default (EAD) includes Loan Balance and interest thereon. Stage -III loans has been determined as per Ind As 109

@@ Net Stage III = (Gross Stage III Loans EAD - Impairment loss allowance for Stage III)/(Gross Total Loans EAD - Impairment loss allowance for Stage III)

& Provision coverage = Total Impairment loss allowance for Stage III/ Gross Stage III Loans EAD

Note : 1- The Company, being a NBFC-MFI, disclosure of Debt service coverage ratio, Interest service coverage ratio, Current ratio, Long term debt to working capital, Bad debts to Accounts receivable ratio, Current liability ratio, Debtors turnover, Inventory turnover and Operating margin ratio are not applicable.



Independent Auditor's Certificate on Book Value of Assets of the Company contained in Columns A to J of Statement of Security Cover as at September 30, 2023 for Catalyst Trusteeship Limited and its Compliance with the financial covenants as included in the Statement of Compliance Status with Financial Covenants as at September 30, 2023

**To
The Board of Directors
Fusion Micro Finance Limited
Plot No. 86, Institutional Area,
Sector 32, Gurugram,
Haryana-122001**

1. This certificate is issued in accordance with the terms of our engagement letter dated July 20, 2023
2. We, Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of Fusion Micro Finance Limited ("the Company"), have been requested by the Management of the Company to certify:
 - a. Book value of assets of the Company contained in Columns A to J of the Statement of Security Cover as at September 30, 2023 (Annexure I), and;
 - b. Compliance with the financial Covenants as included in the "Statement of Compliance Status with Financial Covenants as at September 30, 2023" (Annexure II)

in respect of listed debt securities of the Company (hereinafter referred to as the Statements).

The Statements are prepared by the Company from the unaudited financial results and other relevant records and documents maintained by the Company as at and for the period ended September 30, 2023 pursuant to requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by Securities and Exchange Board of India in terms of regulation 54 read with regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 15(1)(t) of SEBI (Debenture Trustees) Regulations, 1993 (hereinafter referred together as "the SEBI Regulations"), as amended. The Statements have been prepared for the purpose of submission to Catalyst Trusteeship Limited, Debenture Trustee of the above mentioned listed debt securities (hereinafter referred to as "the Debenture Trustee"). The responsibility for compiling the information contained in the Statements is of the Management of the Company. The statement are initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Statements is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statements and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The management of the Company is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and for providing all relevant information to the Debenture Trustees and for complying with all the covenants as prescribed in the Debenture Trust Deed.



Auditor's Responsibility

5. Pursuant to the requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by SEBI, our responsibility for the purpose of this certificate is to provide a limited assurance on whether the particulars relating to the "Book Value of Assets of the Company contained in Columns A to J of Annexure I and Financial Covenants disclosed under Annexure II" furnished by the Company in respect of listed debt securities have been accurately extracted by the management from the unaudited financial results and other relevant records and documents maintained by the Company as at and for the period ended September 30, 2023. This did not include the evaluation of adherence by the Company with terms of the Debenture Trust Deed and all the applicable SEBI Regulations.
6. The engagement involves performing procedures to obtain sufficient appropriate evidence to provide limited assurance on the Statements as mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly, we have performed the following procedures in relation to the statement:

- a. Obtained the Statements from the management.
 - b. Tested that the information contained in the Statements has been accurately extracted from the unaudited financial results of the Company as at September 30, 2023 and other relevant records and documents maintained by the Company.
 - c. Verified the arithmetical accuracy of the information included in the statement.
 - d. Verified that the nature of the charge on the assets of the Company was in accordance with the Debenture Trust Deed.
 - e. Verified the charge made on the assets of the Company from the Register of Charges maintained by the Company as per the requirements of the Companies Act, 2013.
 - f. Made necessary inquiries with the management and obtained relevant representations in respect of matters relating to the Statement.
7. We have reviewed the financial results of the Company for the period ended September 30, 2023, on prepared pursuant to the requirements of Regulation 33 and 52 read with regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, on which we have issued our review report dated November 06, 2023, which is unmodified. Our review of these financial results was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.
 8. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
 9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.



Conclusion

10. Based on our examination, as mentioned in paragraph 8 above, the procedures performed by us as mentioned in paragraph 6 above and according to the information and explanations and representations provided to us by the management of the Company, nothing has come to our attention that causes us to believe that:

- a. the particulars relating to the Book Value of Assets of the Company contained in Columns A to J of Annexure I of the Statement, and
- b. the Financial Covenants disclosed under Annexure II of the Statement furnished by the Company in respect of Listed Debt securities

have not been accurately extracted by the management from the unaudited financial results and other relevant records and documents maintained by the Company for the period ended September 30, 2023.

Restriction on Use

11. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to Catalyst Trusteeship Limited (the Debenture Trustee) and should not be used by any other person or for any other purposes without our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



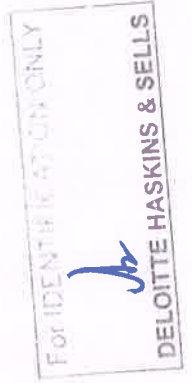
Jitendra Agarwal

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 23087104BGYLBG8131)

Place: Gurugram
Date: November 06, 2023

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	PariPassu Charge	PariPassu Charge	PariPassu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying/book value for assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSKA market value is not applicable)	Market Value for Pari Passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSKA market value is not applicable)	Total Value (=K+L+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value							Relating to Column F	
ASSETS														
	Prepaid Plant and Equipment						14.47		14.47					
	Capital Work-in Progress						8.52		8.52					
	Right of Use Assets													
	Goodwill						0.11		0.11					
	Intangible Assets						0.73		0.73					
	Intangible Assets under Development						2.02		2.02					
	Investments													
	Loans	175.39	6,138.02	-	-	-	2,681.53	-	8,994.95	-	175.39	-	-	175.39
	Less: Impairment as per Ind AS	(3.22)	(112.84)	-	-	-	(184.18)		(300.24)					
	Inventories						12.42		12.42					
	Trade Receivable						1,400.43		1,400.43					
	Cash and Cash Equivalents		60.70						60.70					
	Bank Balances other than Cash and Cash Equivalents						237.64		237.64					
	Others						4,173.69		10,431.75					
	Total								428.86		169.96			169.96
	LIABILITIES													
	Debt securities to which this certificate pertains *	169.96	258.90											
	Goodwill													
	Other Debt						83.21		83.21					
	Subordinated debt						23.36		6,907.55					
	Borrowings													
	Bank		6,884.19											
	Debt Securities						108.28		108.28					
	Others													
	Trade payables						101.79		101.79					
	Lease Liabilities						10.53		10.53					
	Provisions						13.44		13.44					
	Others						201.16		201.16					
	Total						541.77		7,851.82		169.96			169.96
	Cover on Book Value **													1.03
	Cover on Market Value													N/A

Notes:
* Forms part of "Debt Securities" included in the Unaudited Financial Results for the quarter and half year ended September 30, 2023
** Cover on Book value is being calculated only on Debts for which the Certificate is being issued




Trustee Name: Catalyst Trusteeship Limited

Statement of Compliance status with Financial Covenants as on September 30, 2023

Annexure II

S.No.	ISIN	Facility	Amount Outstanding (Rs. In Crores)	Date of Trust deed	Financial Covenants as per Debenture Trust Deed (DTD)	Compliance as on September 30, 2023 (Y/N)
1	INE139R07381	UTI Microfinance Enhancement Facility SA, SICAV-SIF	69.98	08-Mar-21	Clause 2.5.3 of DTD (Refer S.No 1 to 5 of Annexure II-A)	Yes
2	INE139R07373	Japan Asean Women Empowerment Fund	50.00	22-Dec-20	Refer Clause 2.6(Part B) of the DTD (Refer S.No 1, 2, 7 & 8 of Annexure II-A)	Yes
3	INE139R07407	Blueorchard Microfinance Fund	49.98	17-Mar-21	Refer Clause 2.6(Part B) of the DTD (Refer S.No 1, 6 to 8 of Annexure II-A)	Yes
		Total	169.96			

For IDENTIFICATION ONLY

DELOITTE HASKINS & SELLS



Trustee name: Catalyst Trusteeship Limited

Summary of Financial Covenants

Annexure II-A

S.No.	Particulars	As at September 30, 2023	As required by DTD	Notes Reference
1	CRAR	28.78%	Greater than 15% as prescribed by RBI	A
2	Portfolio at Risk (PAR)>30 Days Ratio	3.88%	Below 5%	B
3	Adjusted Return on Assets (ROA)	10.64%	Greater than 0.5%	C
4	Open loan position 30 days	1.89%	Less than 20%	D
5	Maturity Mismatch of three months	57.88%	Below 100%	E
6	Portfolio at Risk (PAR)>30 Days Ratio	5.69%	Below 12%	F
7	Return on Assets (ROA)	4.97%	Greater than 0%	G
8	Loan Loss reserves of not less than 100%	124.53%	Not less than 100%	H

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DELOITTE HASKINS & SELLS



Notes: Calculation of Financial Covenants


[A] Capital Risk Adequacy Ratio		(Rs. in Crores)
Particulars		CRAR
Share Capital		100.48
Free Reserve		2,476.23
Total		2,576.71
Less:		
Intangible assets & Leasehold		13.07
Deferred Revenue Expenditure		5.50
Deferred tax assets		82.64
		101.21
Tier I Capital		2,475.50
Tier I Ratio		27.59%
Provision on Standard Assets		69.81
Subordinated Debt		37.47
Tier II Capital		107.28
Total RWA		8,973.96
Tier II Ratio		1.20%
CRAR		28.78%

[B] Portfolio at Risk (PAR)>30 Days Ratio		(Rs. in Crores)
Particulars		PAR>30 Ratio
Portfolio at risk (PAR) > 30 days (A)		348.96
Gross Loan Portfolio (GLP) (B)		8,994.95
Ratio (A/B)		3.88%

[C] Adjusted Return on Assets (ROA)		(Rs. in Crores)
Particulars		Adjusted ROA %
Net Profit		246.15
Add :Interest Expense (1-tax rate)		280.23
Adjusted Net profit (A)		526.38
Average Total Assets (B)		9,897.65
Total Assets as on Sep 23		10,431.75
Total Assets as on March 23		9,363.54
Ratio (A/B)		10.64%

[D] Open loan position 30 days		(Rs. in Crores)
Particulars		Adjusted ROA %
GLP of Stage II & Stage III Loans		348.96
Add: Restructured loans greater than 30 days		-
Less Loan loss reserves		300.24
Open loan position		48.72
Total of Tier I and Tier II capital (CRAR)		2,582.78
Ratio		1.89%

[E] Maturity Mismatch of three months		(Rs. in Crores)
Particulars		ALM 3M/Total Equity
Cumulative Mismatch for 3 Months (A)		1,502.34
Total Equity		2,576.93
Add: 50% of Qualifying Subordinate Debt (C)		18.73
Total Equity (including C above) (B)		2,595.66
Ratio (A/B)		57.88%


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[F] Portfolio at Risk (PAR)>30 Days+Written off Ratio		(Rs. in Crores)
Particulars		PAR>30 Ratio
Stage II + Stage III Book Debts		348.96
Written off during the 12		162.78
Non- COVID Restructured Loan		-
Portfolio at risk (PAR) > 30 days + Written off (A)		511.74
Gross Loan Portfolio (GLP) (B)		8,994.95
Ratio (A/B)		5.69%

[G] Return on Assets (ROA)		(Rs. in Crores)
Particulars		PAR>30 Ratio
Profit after tax (PAT) (A)		246.15
Total Assets- Sep 30 2023		10,431.75
Total Assets-March 2023		9,363.54
Average Assets (B)		9,897.65
ROA (A/B)		4.97%

[H] Loan-Loss reserves of not less than 100%		(Rs. in Crores)
Particulars		Amount
ECL Provision (A)		300.24
Stage III loans		241.10
Portfolio at Risk (PAR) >90 Days (B)		241.10
Ratio		124.53%

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