



# Fusion Microfinance Limited

(Formerly known as Fusion Micro Finance Private Limited)

CIN : L65100DL1994PLC061287

Letter No. FMFL/SEC/2023-24/SE-73

Date: 06.09.2023

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: Notice of 29th Annual General Meeting ('AGM') and Annual Report for FY 2022-23.**

Dear Sir/Ma'am,

Pursuant to Regulation 34(1) read with Regulation 30 and Regulation 53(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed herewith the Notice of 29<sup>th</sup> AGM of the Company scheduled to be held on **Friday, September 29, 2023 at 11.00 A.M.** (IST) through Video Conference / Other Audio-Visual Means along with the Annual Report of the company for FY 2022-23.

The aforesaid documents are also available on Company's website at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

Kindly take the same on record.

Thanking you

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

**Deepak Madaan**

**Company Secretary & Chief Compliance Officer**

**Membership No. A24811**

**Place: Gurugram**

**NOTICE OF 29<sup>TH</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Twenty-Ninth (29<sup>th</sup>) Annual General Meeting (“**AGM**”) of the members of Fusion Micro Finance Limited (“the Company”) will be held on **Friday, September 29, 2023** at **11:00 A.M.** (IST) through Video Conferencing (‘VC’) / Other Audio-Visual Means (‘OAVM’) to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028.

**ORDINARY BUSINESS:**

- 1. TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023 AND THE REPORT OF THE BOARD OF DIRECTORS AND AUDITORS THEREON.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2023 and the reports of the Board of Directors and Auditors thereon laid before this meeting be and are hereby considered and adopted.”

- 2. TO APPOINT MR. KENNETH DAN VANDER WEELE (DIN: 02545813), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR REAPPOINTMENT.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 & Articles of Association of the Company, Mr. Kenneth Dan Vander Weele (DIN: 02545813), who retires by rotation, and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director, liable to retire by rotation.”

**SPECIAL BUSINESS**

- 3. TO CONSIDER AND APPROVE THE AMENDMENTS IN ARTICLES OF ASSOCIATION (AOA) OF THE COMPANY.**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force, if any), the consent of the members be and is hereby accorded for the adoption of the amended and restated articles of association of the Company.

**RESOLVED FURTHER THAT** Mr. Devesh Sachdev, Managing Director & CEO and Mr. Deepak Madaan, Company Secretary & Chief Compliance Officer of the Company, be and are hereby severally authorized to give effect to the aforesaid resolution and to do all such other acts, deeds, matters and things execute all documents and take all steps and give such directions as may be required, necessary, expedient or desirable in connection with or incidental for giving effect to the above resolutions including but not limited to filing of necessary forms with the Registrar of Companies and any other regulatory authority (as required).”

**4. TO INCREASE THE BORROWING LIMIT OF THE COMPANY AND CREATE CHARGES ETC ON THE MOVABLE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE IN RESPECT OF BORROWINGS UNDER SECTION 180(1) (C) AND 180 (1) (A) OF THE COMPANIES ACT, 2013 UP TO RS. 15,000 CRORES**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of all the earlier resolutions passed in this regard, the consent of the members of the company be and is hereby accorded pursuant to provision of section 180(1) (C) of the Companies Act, 2013 and other applicable provisions, if any, for borrowing any sum or sums of monies including amount raised through issuance of Non-convertible Debentures from time to time for the purpose of the Company’s business on such terms and conditions and with or without security from any bank, financial institution or any other lending institutions, firms, bodies corporate or persons, both in the national and international markets, as may be considered suitable by the Board notwithstanding that the sum or sums of monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount so borrowed by the Board does not exceed the limit of Rs. 15,000 Crores (Rupees Fifteen Thousand Crores Only) over and above the paid-up capital of the Company and its free reserves.

**RESOLVED FURTHER THAT** in pursuance to the limits stated above and the provisions of Section 180(1)(a) of the Companies Act, 2013 along with the Statutory amendments thereof, the consent of the members of the Company be and is hereby accorded to create charges, mortgages and / or hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, in such form and manner and with such ranking, whether exclusive, pari-passu, subservient or otherwise and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties of the Company, both present and future and / or on the whole or any part of the undertaking(s) of the Company, in favour of the banks, non-banking financial companies, financial institutions and other lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loans(s) (in Foreign currency and / or rupees) and / or debentures (convertible / non-convertible/ secured / unsecured) and / or securities in the nature of debt instruments issued / to be issued by the Company or external commercial borrowing (hereinafter termed 'loans'), from time to time, provided that the total amount of loans shall not at any time exceed Rs. 15,000 Crores (Rupees Fifteen Thousand Crores Only) in excess of the aggregate of the paid-up capital of the Company and its free reserves (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business) in respect of such borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to, between the Board of Directors and the lender(s), Agent(s) and Trustee(s) of the Company.

**RESOLVED FURTHER THAT** Mr. Devesh Sachdev, Managing Director & CEO and Mr. Deepak Madaan, Company Secretary & Chief Compliance Officer of the Company, be and are hereby severally authorized to give effect to the aforesaid resolution and to do all such other acts, deeds, matters and things execute all documents and take all steps and give such directions as may be required, necessary, expedient or desirable in connection with or incidental for giving effect to the above resolutions including but not limited to filing of necessary forms with the Registrar of Companies and any other regulatory authority (as required).”

**Date: August 02, 2023**  
**Place: Gurugram**

**By order of the Board of Directors**  
**For Fusion Micro Finance Limited**  
**(Formerly Fusion Micro Finance Private Limited)**  
**Sd/-**

**Deepak Madaan**  
**Company Secretary & Chief Compliance Officer**

**Registered and Corporate Office:**

**Fusion Micro Finance Limited**

**CIN:** L65100DL1994PLC061287

**Registered Office:** H-1, C Block, Community Centre,  
Naraina Vihar, New Delhi-110028

**Corporate Office:** Plot No. 86, Institutional Sector 32, Gurugram-122001

**E-mail:** companysecretary@fusionmicrofinance.com

**Website:** www.fusionmicrofinance.com

**Phone:** 0124-6910600

**Notes:**

1. The Ministry of Corporate Affairs (“MCA”) has vide its Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 02/2022 dated May 05, 2022, Circular No. 10/2022 dated December 28, 2022, (collectively referred as “MCA circulars”), has allowed the companies to conduct the AGM through Video conferencing or Other Audio-Video Means (‘VC/OAVM’) till 30<sup>th</sup> September, 2023. Accordingly, the 29<sup>th</sup> AGM of the Company, is being conducted through VC/OAVM.
2. The Company has engaged the services of Link Intime India Private Limited (‘LI IPL’ or ‘e-voting agency’) as the agency to provide facility to the Members of the Company in respect of:
  - (a) voting through remote e-voting
  - (b) participation in the AGM through VC/OVAM facility.
  - (c) e-voting during the AGM.
3. In terms of sections 101 and 136 of the Companies Act, 2013 (the ‘Act’) read with the rules made thereunder, Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (the ‘Listing Regulations’) and in terms of MCA circular dated 28 December 2022 and SEBI circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023, the listed companies may send the notice of AGM and the annual report, including financial statements, boards’ report, etc. by electronic mode in case the meeting is conducted through VC/OAVM. Accordingly, notice of 29<sup>th</sup> AGM along with the Annual Report for FY2023 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depositories. Members may note that the Notice of the 29th AGM and Annual Report for FY2023 will also be available on the Company’s website at www.fusionmicrofinance.com, website of the stock exchanges viz., BSE Ltd. (‘BSE’) at www.bseindia.com and National Stock Exchange of India Ltd. (‘NSE’) at www.nseindia.com and on the website of RTA at www.instavote.linkintime.co.in. In this notice, the term member(s) or shareholder(s) are used interchangeably. Members who have not registered their email address are requested to register the same with the Depository Participants (DPs), if the shares are held in electronic form.
4. To support ‘Green Initiative’ for receiving all communication (including Notice of AGM) from the Company electronically, members holding shares in dematerialised mode are requested to register/update changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participant.
5. Members holding shares in physical mode are hereby notified that pursuant to General Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16, 2023, all holders of physical shares can update/register their contact details including the details of e-mail IDs by submitting the requisite Form ISR-1 along with the supporting documents with Link Intime India Private Limited.
6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the

AGM and hence the Proxy Form, Attendance Slip and route map of AGM are not annexed to this Notice.

7. The notice of AGM along with the Annual Report will be sent to those members/ beneficial owners whose name will appear in the register of members/ list of beneficiaries received from the depositories as on **Friday, September 01, 2023**.
8. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on **Friday, September 22, 2023 ("cut-off date")** only shall be entitled to avail the facility of remote e-voting/ e-voting at AGM. The person who is not a member/ beneficial owner as on the cut-off date should treat this Notice for information purpose only. The voting rights of members shall be in proportion to the paid-up value of their shares in the equity share capital of the Company as at close of business hours on cut-off date.
9. The attendance of the members in the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
11. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, setting out material facts concerning the business under Item Nos. 3 and 4 of the Notice, is annexed hereto.

Further, the relevant details with respect to Item No. 2 pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is also annexed as **Annexure –I**.

## 12. Inspection of Documents:

- (a) All documents referred to in the Notice will be available for electronic inspection by the members, without any fee, from the date of circulation of this Notice up to the conclusion of AGM, i.e. **Friday, September 29, 2023**. Members seeking to inspect such documents can send an email to [companysecretary@fusionmicrofinance.com](mailto:companysecretary@fusionmicrofinance.com) with subject line "Inspection of Documents", mentioning their name, DP Id and Client Id and documents they wish to inspect.
  - (b) The Register of Directors & Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and all the documents referred to in the Notice and explanatory statement, including certificate from the Secretarial Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2021, will be available for electronic inspection by the members during the AGM.
13. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same. Further the said Resolution/Authorization shall also be sent to the Scrutinizer by email through its registered email address to [service@harishpopliandassociates.com](mailto:service@harishpopliandassociates.com) with a copy marked to [companysecretary@fusionmicrofinance.com](mailto:companysecretary@fusionmicrofinance.com) on an immediate basis.
  14. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

15. In compliance with the provisions of Section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended till date and Regulation 44 of the Listing Regulations, (including any statutory modification(s) and/or re-enactment(s) there of for the time being in force) and the SS-2 issued by The Institute of Company Secretaries of India [hereinafter referred to as "ICSI"] the Company is pleased to provide a facility to its members to exercise their right to vote from a place other than the venue of the AGM ("remote e-voting"), on all resolutions proposed to be considered at the AGM electronically through electronic voting (E-voting) services facilitated by the Link Intime India Private Limited (hereinafter referred to as "LIPL"). Those Shareholders, who are present in the Meeting through VC/OAVM facility and had not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the Meeting. The Members who have casted their vote by remote e-voting prior to AGM may attend the AGM but shall not be entitled to cast their vote again.
16. Pursuant to section 72 of the Act read with SEBI circular dated 16 March 2023, members holding shares in physical form are advised to update their nomination details in the prescribed Form SH-13 or Form SH-14 or Form ISR-3 (Declaration to Opt-out). The forms can be accessed from the website of RTA at <https://www.linkintime.co.in/>. In respect of shares held in electronic/demat form, the members may contact their respective DP.
17. SEBI vide its circular dated 25 January 2022, has mandated that the listed companies shall henceforth issue the securities in dematerialised form only, while processing service requests such as issue of duplicate share certificates, transmission, transposition, etc. Accordingly, members who still hold shares in physical form are advised to dematerialise their holdings.
18. Members seeking any information with regard to the financial statements or any matter to be placed at the AGM, are requested to write to the Company on or before September 22, 2023 through e-mail on [companysecretary@fusionmicrofinance.com](mailto:companysecretary@fusionmicrofinance.com). The same will be replied by the Company suitably.
19. The remote e-voting period commences on **Tuesday, September 26, 2023 at 9.00 a.m. (IST)** and ends on **Thursday, September 28, 2023 at 5.00 p.m. (IST)**. During this period members of the Company holding shares either in physical form or dematerialized form, as on the cut-off date, may cast their vote electronically. The remote e-voting module will be disabled/blocked for voting thereafter. Once the vote on a resolution is cast by the members, the member will not be allowed to change it subsequently. A person who becomes a member of the Company after sending the notice of AGM and holding shares as on the cut-off date, may obtain the User ID and password by sending a request at [rajiv.ranjan@linkintime.co.in](mailto:rajiv.ranjan@linkintime.co.in) or [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in). However, if a member have already registered with LIPL for remote e-voting, then the member can use the existing user ID and password for casting vote. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

**The detailed instructions and the process for accessing and participating in the 29th AGM through VC/OAVM facility and voting through electronic means including remote e-voting forms part of the notice.**

20. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address atleast 7 days prior to the date of meeting mentioning their name, DP Id and Client Id / Folio No., email id, mobile number at [companysecretary@fusionmicrofinance.com](mailto:companysecretary@fusionmicrofinance.com). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately. The Company reserves the right to restrict the number of questions and speakers depending on the availability of time for the AGM.
21. When a pre-registered speaker is invited to speak at the meeting but does not respond, the next speaker will be invited to speak. Therefore, members registered as speakers will be allowed to use their camera / webcam during e-AGM and hence are requested to use internet with good bandwidth to avoid any disconnection or disturbance during the meeting.
22. The Board has appointed Mr. Harish Kumar (Membership no. F11918), Proprietor of M/s. Harish Popli &

Associates, Company Secretaries as the Scrutinizer for conducting the e-voting process and voting at the AGM in a fair and transparent manner.

- 23.** The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting to be cast by use of e-voting facility of LIPL, for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- 24.** The Scrutinizer will submit his report to the Chairman of the Company or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 2 working days from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, NSDL, CDSL and RTA and will also be displayed on the Company's website i.e. [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com) and on the website of LIPL i.e. <https://instavote.linkintime.co.in>.
- 25.** The Company's Registrar and Transfer Agent for its share registry work (Physical and Electronic) is Link Intime India Private Limited. All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents, at the address mentioned below:

M/s. Link Intime India Private Limited  
Noble Heights, 1st Floor, Plot No. NH 2,  
LSC, C-1 Block, Near Savitri Market,  
Janakpuri, New Delhi-110058

Tel: 011 - 4141 0592/93  
Telefax: 011 - 4141 0591  
Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

- 26.** In case of any queries relating to voting by electronic means, please refer to the Frequently Asked Questions (FAQs) and e-voting user manual for Members available at the Help section of <https://instavote.linkintime.co.in>. In case of any grievances connected with facility for voting by electronic means, please contact Mr. Rajiv Ranjan, Assistant Vice President - e-Voting, Link Intime India Private Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai 400083, Email: [rajiv.ranjan@linkintime.co.in](mailto:rajiv.ranjan@linkintime.co.in). or [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) Tel: +91 22 – 4918600.

### **Process and manner for attending the Annual General Meeting through InstaMeet:**

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> & Click on “Login”.

▶ Select the “Company” and ‘Event Date’ and register with your following details: -

**A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company

**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

**C. Mobile No.:** Enter your mobile number.

**D. Email ID:** Enter your email id, as recorded with your DP/Company.

▶ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

### **Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request with the company.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

### **Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will



be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

## **Remote e-Voting Instructions for shareholders:**

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As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

### **Login method for Individual shareholders holding securities in demat mode is given below:**

1. Individual Shareholders holding securities in demat mode with NSDL
  1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nSDL.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
  2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nSDL.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp>
  3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nSDL.com/> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
2. Individual Shareholders holding securities in demat mode with CDSL
  1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
  2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
  3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login & New System Myeasi Tab and then click on registration option.
  4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
3. Individual Shareholders (holding securities in demat mode) login through their depository participants  
You can also login using the login credentials of your demat account through your Depository Participant registered with

NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

### **Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:**

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -

#### **A. User ID:**

Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company.

Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

**C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

**D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

*\*Shareholders holding shares in **physical form** but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above*

*\*Shareholders holding shares in **NSDL form**, shall provide ‘D’ above*

- ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
- ▶ Click “confirm” (Your password is now generated).

3. Click on ‘Login’ under ‘SHARE HOLDER’ tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.

### **Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
4. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

### **Guidelines for Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian / Mutual Fund / Corporate Body’ login for the Scrutinizer to verify the same.

### **Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:**

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000.

### Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

### Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

### Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("The Act")**

The Following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### **Item No.3**

The board of directors in their meeting dated August 02, 2023, subject to the approval of members, adopted the amended and restated Articles to align the same with the requirements of the provisions of the Companies Act 2013 ("Act 2013"), Secretarial Standards issued by ICSI ("SS"), SEBI Regulations and other laws, as applicable. A copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company without any fee from the date of circulation of this Notice up to the date of AGM. Members may inspect the same in the manner as mentioned in 'Notes' section forming part of this Notice.

Accordingly, the Board recommends Resolution no. 3 of the accompanying Notice to the shareholders for their approval by way of special resolution.

None of the directors and key managerial personnel of the Company including their relatives are, directly or indirectly, interested in the proposed resolution, except to the extent of their shareholding in the Company.

### **Item No. 4**

The shareholder of the company in their meeting on August 5, 2022, had increased the borrowing limits of the Company and authorized the Board of Directors to borrow funds, from time to time, for the business of the company, up to an amount, the aggregate, outstanding of which should not exceed, at any given time Rs. 12,000 crores and to create charge on properties of the Company to secure the repayments of the borrowings.

Keeping in view, the existing borrowing and the additional fund requirements for meeting the capital expenditure for the ongoing / future projects, capacity expansion, acquisitions and enhanced long-term working capital needs of the Company, the Board of Directors in its meeting dated May 22, 2023 had considered and approved to increase the borrowing limits of the company and creation of security on the properties of the Company from Rs. 12,000 crore to Rs. 15,000 crore, subject to the approval of the shareholders, and recommends Resolution no. 4 of the accompanying Notice to the shareholders for their approval by way of special resolution.

Pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act 2013, approval of the Shareholder by way of special resolution is required to authorize the Board of Director to borrow moneys up to the said limits and create security in respect thereof.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

**Details of director seeking re-appointment pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by the Institute of Company Secretaries of India on General Meetings.**

**BRIEF PROFILE:**

Mr. Kenneth Dan Vander Weele is the Nominee Director of our Company. He holds a bachelor's degree in business administration from the University of Wisconsin and a PHD from the Oxford Centre for Mission Studies, Open University. He has also passed the National Uniform Certified Public Accountant Examination. He has over 15 years of experience and has served on the board of several companies including Creditaccess Grameen Limited, Muthoot Microfin Limited, Sonata Finance Private Limited, Vivriti Capital Limited, Vivriti Asset Management Private Limited.

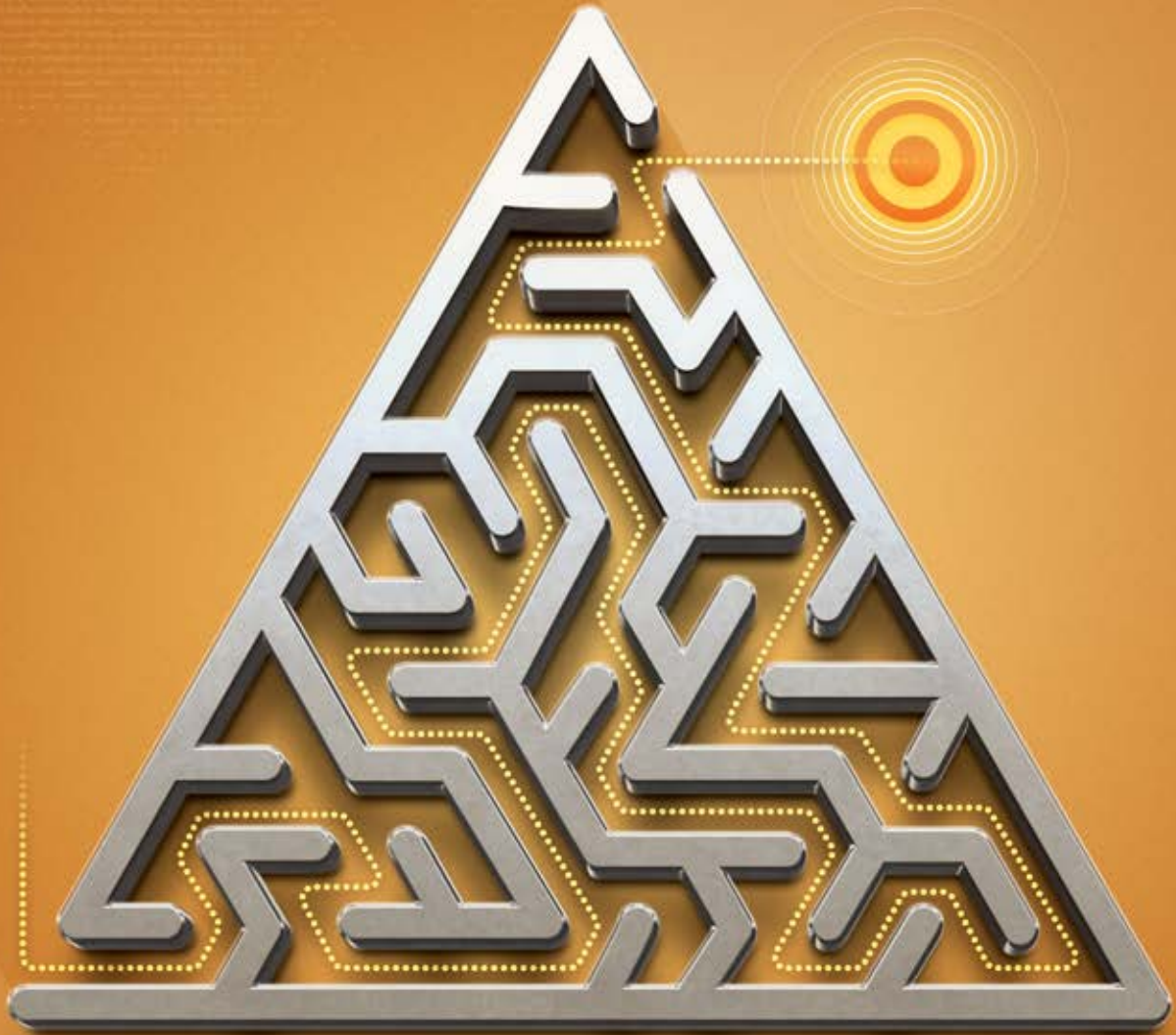
**OTHER INFORMATION:**

<b>Name of the Director</b>	Mr. Kenneth Dan Vander Weele
<b>Age</b>	70 years
<b>Date of first appointment on the Board</b>	12-08-2016
<b>Qualifications</b>	Bachelor's degree in business administration from the University of Wisconsin and a PhD from the Oxford Centre for Mission Studies, Open University.
<b>Experience and Expertise</b>	More than 15 years of experience in service industry sector.
<b>Number of Meetings of the Board attended during the year</b>	Attended 8 Board meetings out of total 9 Board meetings held during the F.Y. ended 31 <sup>st</sup> March, 2023.
<b>List of Directorship in Companies (Other than Fusion Micro Finance Limited)</b>	NIL
<b>Chairman / Member of the Committees of the Board of Directors of Companies (Other than Fusion Micro Finance Limited) in which he is a Director</b>	NIL
<b>Listed entities from which the person has resigned from the post of Directorship/Membership of Committee of the Board in the past three years</b>	Sonata Finance Private Limited, Muthoot Microfin Limited, Vivriti Capital Limited, Vivriti Asset Management Private Limited.
<b>Shareholding in the company</b>	NIL
<b>Relationship with other directors, manager and other Key Managerial Personnel of the Company</b>	Nil
<b>Terms and Conditions of appointment/re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person</b>	Re-appointment as Non-Executive - Nominee Director, liable to retire by rotation.  Remuneration last drawn (FY 2022-23): NIL Remuneration sought to be paid: NIL

**Date: August 02, 2023**  
**Place: Gurugram**

**By order of the Board of Directors**  
**For Fusion Micro Finance Limited**  
**(Formerly Fusion Micro Finance Private Limited)**  
**Sd/-**

**Deepak Madaan**  
**Company Secretary & Chief Compliance Officer**



# Against all odds

FUSION MICRO FINANCE LIMITED  
ANNUAL REPORT 2022-23



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SUCCESS IS NOT ABOUT  
**THE DESTINATION**



IT'S ABOUT  
THE JOURNEY,  
ESPECIALLY WHEN IT'S  
**AGAINST ALL**

**ODDS**





FROM THE DESK OF OUR MD & CEO;  
**MR. DEVESH SACHDEV**



THE FEELING OF  
SUCCESS IS A  
SPECIAL ONE.  
AND THIS FEELING  
BECOMES MAGICAL  
WHEN YOU  
ACHIEVE SUCCESS  
**AGAINST ALL ODDS**





FROM THE DESK OF OUR MD & CEO,  
MR. DEVESH SACHDEV



## Against all odds



WOULD LIKE TO START BY  
EXTENDING A VERY WARM  
WELCOME TO ALL OUR NEW  
SHAREHOLDERS TO THE FUSION  
FAMILY.

I am grateful for their faith in Fusion and look forward to a fulfilling journey together.

As I reflect on the year gone by, 15th November 2022 will forever be etched in the history of Fusion as a landmark.

On this day, we achieved our goal of getting listed on NSE & BSE, a testament to our 12-year journey of persistence, resilience, courage, foresight, planning and above all, strong self-belief. We were the first NBFC to get listed in 15 months and the only words to describe this momentous event were **Against All Odds**.

Our listing reinforced the acceptability of microfinance in the capital markets and I am sure it will give hope and confidence to many others in the sector going forward.

During this journey, we faced several headwinds in the form of choppy markets, rising interest rates, inflation, Russia- Ukraine war, challenging sectoral perceptions and lingering impact of COVID. But we defied the odds to reach where we are today and this gives me confidence to keep raising the bar. Today, I write in gratitude: proud of our accomplishments, confident of our strategy, and immensely inspired by our 10,000+ strong extraordinary Fusion family. We are ready - in fact eager - for whatever tomorrow brings, as our next challenge.

FY23 proved to be a very good year for us in terms of performance across all operational and financial metrics. Our AUM grew by 36.99% YOY and we clocked the highest PAT since inception with robust ROA of 4.65% and ROE of 21.16% for FY22-23. We have been growing consistently with an extensive network of 1086 branches spread across 20 states including 3 Union Territories as of 31st March'23. Our **MSME** business is also gaining strength by setting the right foundations to contribute as a second growth engine. It has expanded to 67 branches, enrolled 10747 MSME clients and built a portfolio of ₹301.64 crore as on March 31, 2023.

Throughout the last financial year even with the high interest rate environment, persistent inflation, tightening liquidity and global uncertainty, we managed to have a very nominal impact on cost of funds due to our robust liability management. I am confident of our ability to continue this trend in future now that our credit rating has been upgraded to A (stable).



### Building for Future

As we set our sights on future, we remain cognizant of the challenges and opportunities and continue to prepare for calibrated growth by augmenting our operations, underwriting, risk management and human capital to manage for scale. Last year, the strategic initiatives that we launched have already boosted our business operations by reducing turnaround time, enhancing credit assessment and building operational efficiencies. We are focused on further strengthening our processes, products and deepening our technology/digital footprint. With a clear strategy and a sharp focus on execution, I am sure we will continue to enhance our ability to serve our customers better and grow sustainably.

### People & Culture

There is a famous saying - **CULTURE EATS STRATEGY FOR BREAKFAST.**

At Fusion, we believe our team is our core asset and it remains at the heart of our strategy. We understand and appreciate the responsibility of being a listed entity and are driven by our core values - Responsibility, Respect, Transparency, Governance, Collaboration and Customer Focus. As the organization grows, it is important for our leaders to lead with values and create a culture where

every employee feels nurtured and engaged. We continue to focus on strengthening our employee life cycle management, with a strong performance management system, learning and development initiatives, differentiated rewards and career growth to provide enriching employee experience.

As we look forward to taking Fusion to the next level, I would like to specially thank my colleagues on the Board for their invaluable inputs in paving the way and the leadership team for their commitment and support. Many thanks to our debt providers, rating agencies, vendors and other stakeholders for their continuous support. Would also like to appreciate MFIN, the self-regulatory organization of our sector for continuously working to create a conducive environment through policy advocacy, improving Governance, engagement with media and other stakeholders. I thank the entire Fusion Family for their dedication, enthusiasm and consistency in delivering beyond expectations which ultimately has resulted in Fusion's continuous growth.

WE REMAIN  
COMMITTED TO  
OUR MISSION OF  
BEING THE TRUSTED  
FINANCIAL SERVICES  
PROVIDER OF  
CHOICE FOR OUR  
CUSTOMERS AND  
DELIVER SUSTAINABLE  
RETURNS TO OUR  
SHAREHOLDERS...

...Upwards & Onwards,  
**DEVESH**









ABOUT US: FUSION MICRO FINANCE LIMITED



## VISION

Fusion Micro Finance with a social vision and business orientation aims to provide underprivileged women with economic opportunities to transform the quality of their lives

# MISSION

A self-sustainable financial institution which leverages the distribution network to channel other products and services

---







## Our Business Verticals



### MICRO FINANCE

We have been in the Micro Finance business for 13 years+ (January 2010) with a strong presence in 20 states and Union Territories. We are among the Top 10 in our business space servicing 3.52 Mn clients.

₹8,375.16<sup>cr</sup>  
Disbursements, FY23

₹1,743.52<sup>cr</sup>  
Revenue, FY23

₹8,994.58<sup>cr</sup>  
Assets under Management, FY23



### MSME LOANS

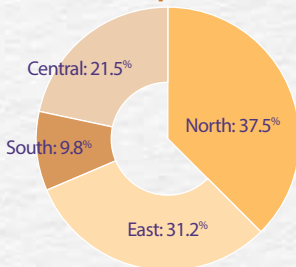
We are focused to serve the "Missing Middle" segment of MSME sector, which is aspiring to increase their contribution in the economic growth and prosperity of our country.

₹220.95<sup>cr</sup>  
Disbursements, FY23

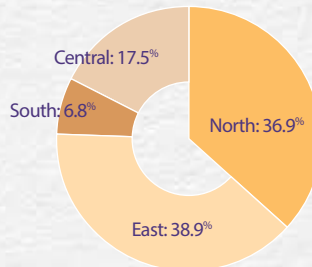
₹56.45<sup>cr</sup>  
Revenue, FY23

₹301.64<sup>cr</sup>  
Assets under Management, FY23

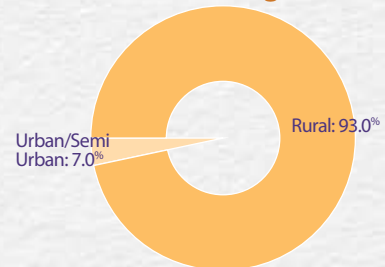
### Branch presence



### Disbursement break up



### Customer segment



ZONE	TOTAL	%
North	407	37.5
East	339	31.2
South	106	9.8
Central	234	21.5
<b>Total</b>	<b>1086</b>	<b>100.0</b>

ZONE	TOTAL	%
North	3168.98	36.9
East	3345.09	38.9
South	580.64	6.7
Central	1501.40	17.5
<b>Total</b>	<b>8596.11</b>	<b>100.0</b>

ZONE	%
Rural	93.0
Urban/Semi Urban	7.0



## Our Numbers

3.53

Active Customers  
(mn)

1,086

Branches

398

Districts

20

States

8,596.11

Disbursement  
(₹ crore)

1,799.97

Revenue  
(₹ crore)

9,296.22

Assets under Management  
(₹ crore)

387.15

Net Profit  
(₹ crore)

10.15

NIM (%)

2,321.92

Networth (₹ crore)

2.92

Debt-equity (x)

0.87

NPA (%)

## Our Growth

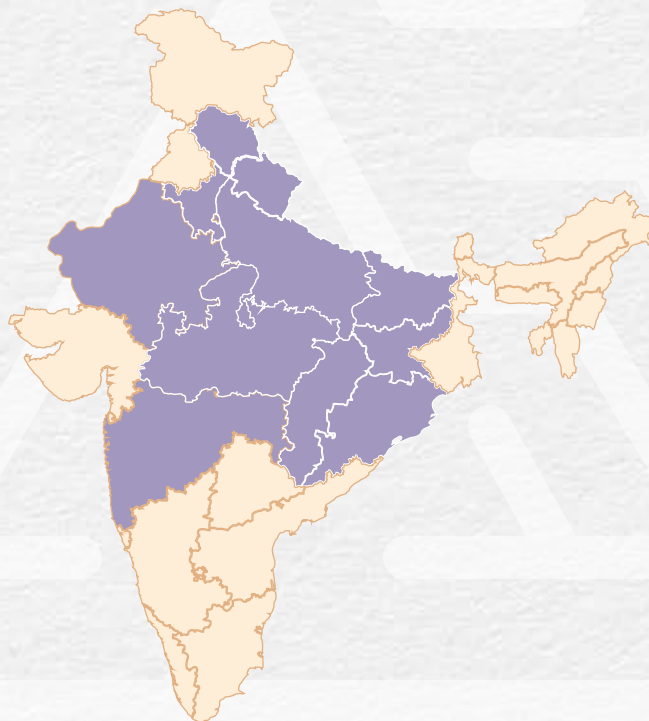
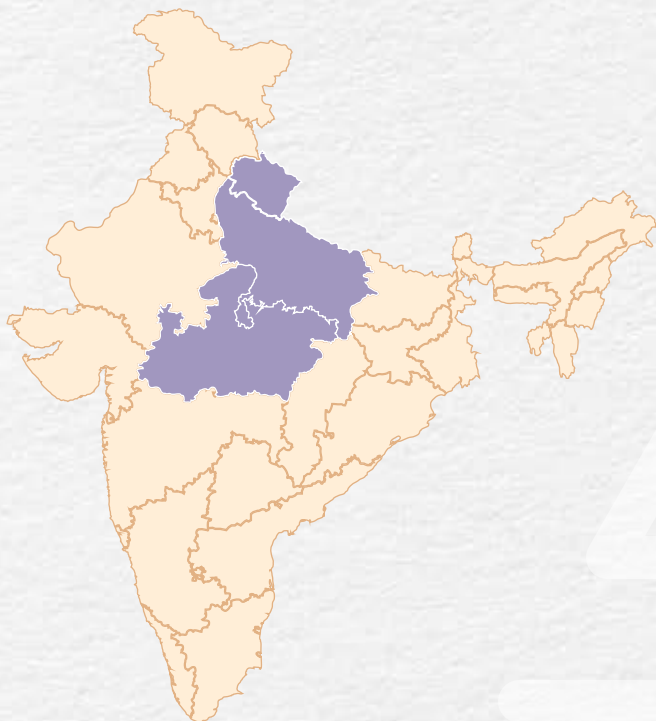


# FY 14

# FY 17

States of Presence	4
Branches	41
Customers	1,27,721
Disbursements (₹ Crore)	168.30
Revenue (₹ Crore)	24.96
Net Profit (₹ Crore)	3.01
Assets under Management (₹ Crore)	137.79

States of Presence	12
Branches	264
Customers	8,73,002
Disbursements (₹ Crore)	878.01
Revenue (₹ Crore)	201.04
Net Profit (₹ Crore)	4.10
Assets under Management (₹ Crore)	827.16





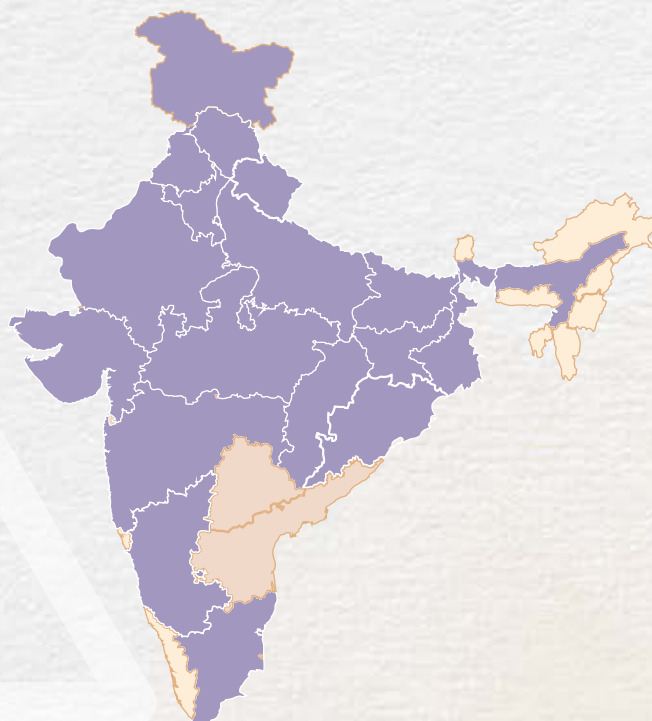
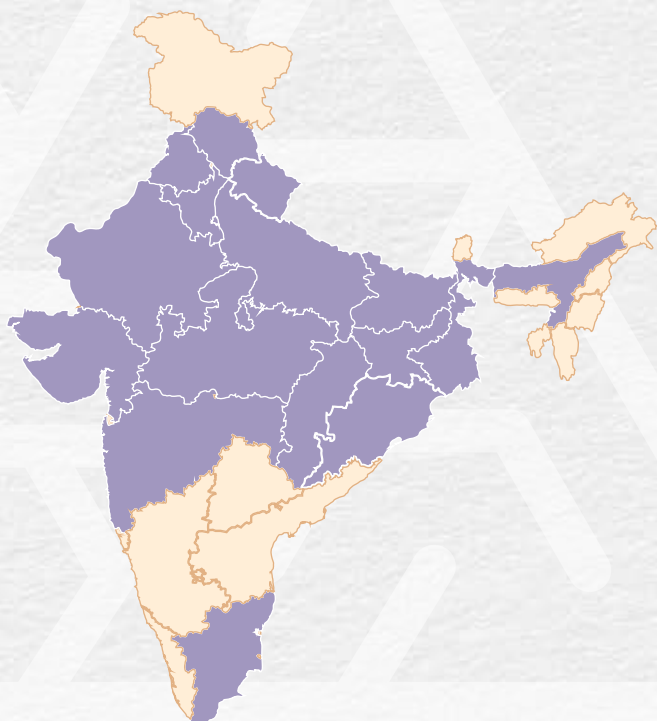


# FY20

# FY23

States of Presence	18
Branches	595
Customers	18,71,641
Disbursements (₹ Crore)	3574.04
Revenue (₹ Crore)	730.31
Net Profit (₹ Crore)	69.61
Assets under Management (₹ Crore)	3,606.52

States of Presence	20
Branches	1086
Customers	35,28,107
Disbursements (FY)	8,596.11
Revenue (₹ Crore)	1,799.97
Net Profit (₹ Crore)	387.15
Assets under Management (₹ Crore)	9,296.22



# Standing tall among the crowd



## WELL DIVERSIFIED AND EXTENSIVE PAN-INDIA PRESENCE

We have always prioritized organic diversification since our inception and have focused on establishing our presence in difficult markets. Today, we are present in 20 states and UTs out of 28 in India. Our ability to widen our presence with every passing year has fueled business growth and positioned us a formidable player in the MFI space.

26.58%

Branch expansion  
(CAGR - FY17-FY23)

29.92%

Active customer growth  
(CAGR - FY17-FY23)

## PROVEN EXECUTION CAPABILITIES WITH STRONG RURAL FOCUS

We have expanded our presence in the untapped rural areas and we also have a long history of serving rural markets with high growth potential in the microfinance segment. Over the last decade, we have built a deep rural franchise in the microfinance segment. As of March 31, 2023, 93.00% of our total customers and 63.26% of our total branches are from rural areas. Our track record of financial performance and operational efficiency through consistently high rates of customer acquisition, retention and low cost expansion is visible in the under-penetrated areas.

49.66%

AUM growth  
(CAGR - FY17-FY23)

2491 bps Drop in  
Cost to income ratio  
(between FY19-FY23)

## ACCESS TO DIVERSIFIED SOURCES OF CAPITAL

Over the years, we have adopted a calibrated approach towards diversifying our fund raising sources and minimizing our costs of borrowings with prudent asset liability management and effective liquidity management. As a result, our average effective cost of borrowings has declined steadily over the years.

FY19 COB: 12.67%

FY23 COB: 10.30%

Drop in 237 bps

## TECHNOLOGICALLY ADVANCED OPERATING MODEL

We have followed a well-defined IT strategy since our inception with clear targets that we regularly review and revise in order to remain at the forefront of the dynamic and fast-evolving nature of business technology. Our technology investments and initiatives over the years have yielded substantial increases in digital customer onboardings and online disbursements as well as a decrease in turnaround times.







## EFFECTIVE ASSET LIABILITY MANAGEMENT

We have a judicious ALM policy that carefully monitors the contractual maturity periods of all assets and liabilities. In addition, we ensure that the average maturity of our liabilities are higher than the average maturity of our assets by sourcing funding with larger repayment cycles than the loans we provide. As a result of our prudent ALM standards, we had favourable asset-liability positions and positive interest rate gaps across all time buckets.

1

16,696.01 Crores  
Fund raised through debt  
(FY19-FY23)

A

Stable as on March 31, 2023

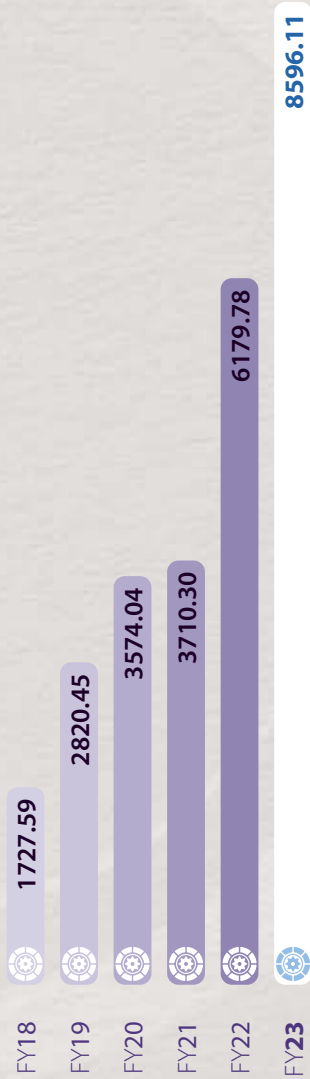
## ROBUST UNDERWRITING PROCESS AND RISK MANAGEMENT POLICIES

We believe that our robust risk management policies and underwriting processes, such as our extensive customer assessment methodologies and monitoring systems, have resulted in healthy portfolio quality. Further, we employ proactive practices that involve frequent evaluations of portfolio risk levels on a periodic basis and rigorous monitoring and analysis of cash disbursements and collection, roll rates and customer retention at both branch and head office levels, which minimize the incidence of bad debts. Our risk management division is divided into separate teams that are respectively dedicated to managing and mitigating credit risk, market risk and operational risk, and which are subject to oversight by our Risk Management Committee and our Board of Directors.

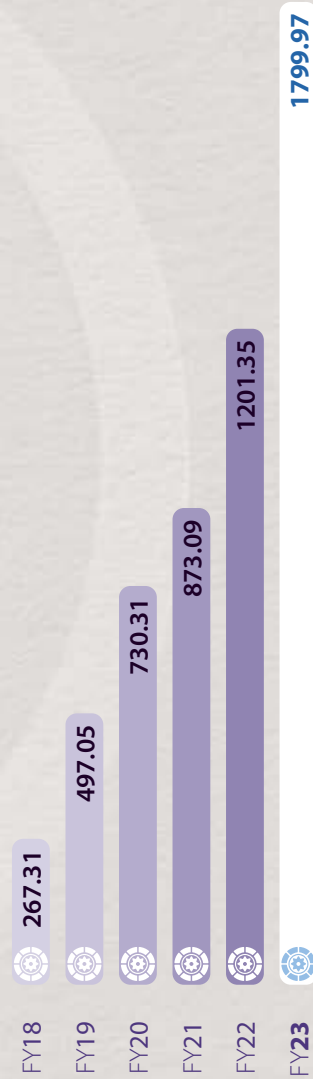


# Key Performance Indicators

Disbursement  
(₹ Crore)



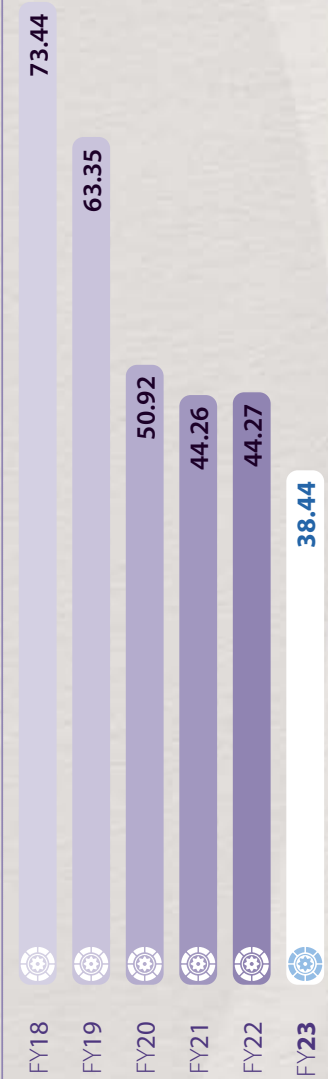
Total Income  
(₹ Crore)



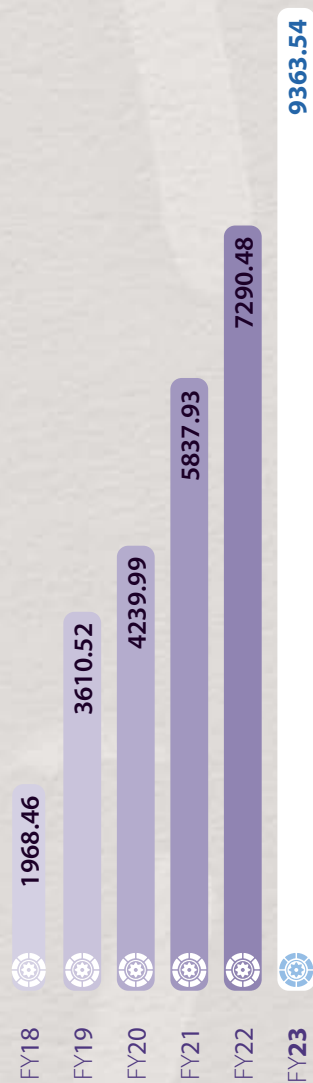
Net Profit  
(₹ Crore)



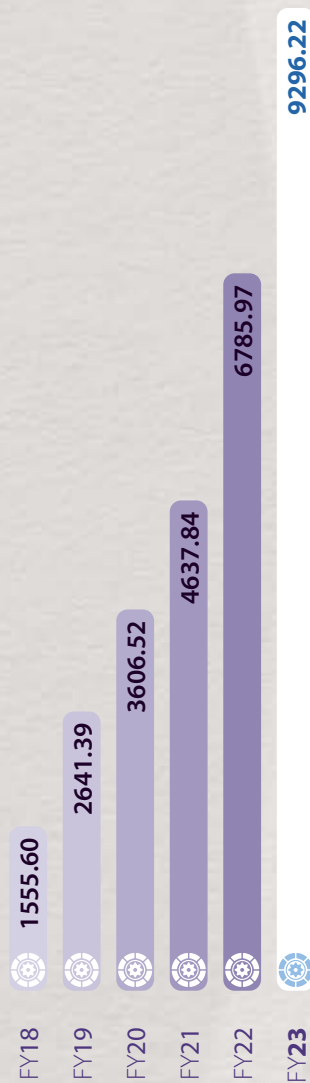
Cost-Income Ratio  
(%)



**Total Assets**  
(₹ Crore)



**Asset under management**  
(₹ Crore)



**Net Interest Margin**  
(%)



**Capital Adequacy**  
(%)





# People & Culture



A great culture creation is not an overnight journey, it develops over a period as the Organization evolves.. We focus on the three key elements: people, place and practices. With a foundation build on mutual respect for people, we have a matrix driven system that empowers employees through collaboration. We have an open-door policy that promotes inclusion and innovative ideas from all verticals and layers of the organization ensuring the voice is being heard at all levels. For we know that people contribute with a zeal when they know where their ideas can be heard and their efforts will make a difference. And we provide that platform to our employees to share their ideas. As work place impacts the behaviour of people, we provide a conducive environment for personal growth through closely knitted partnerships. Our ethical, transparent and dynamic practices drive sustained adaptability to the changing environment creating an open, competitive and creative atmosphere.

## DIWALI 2022



## FOUNDER'S DAY 2022





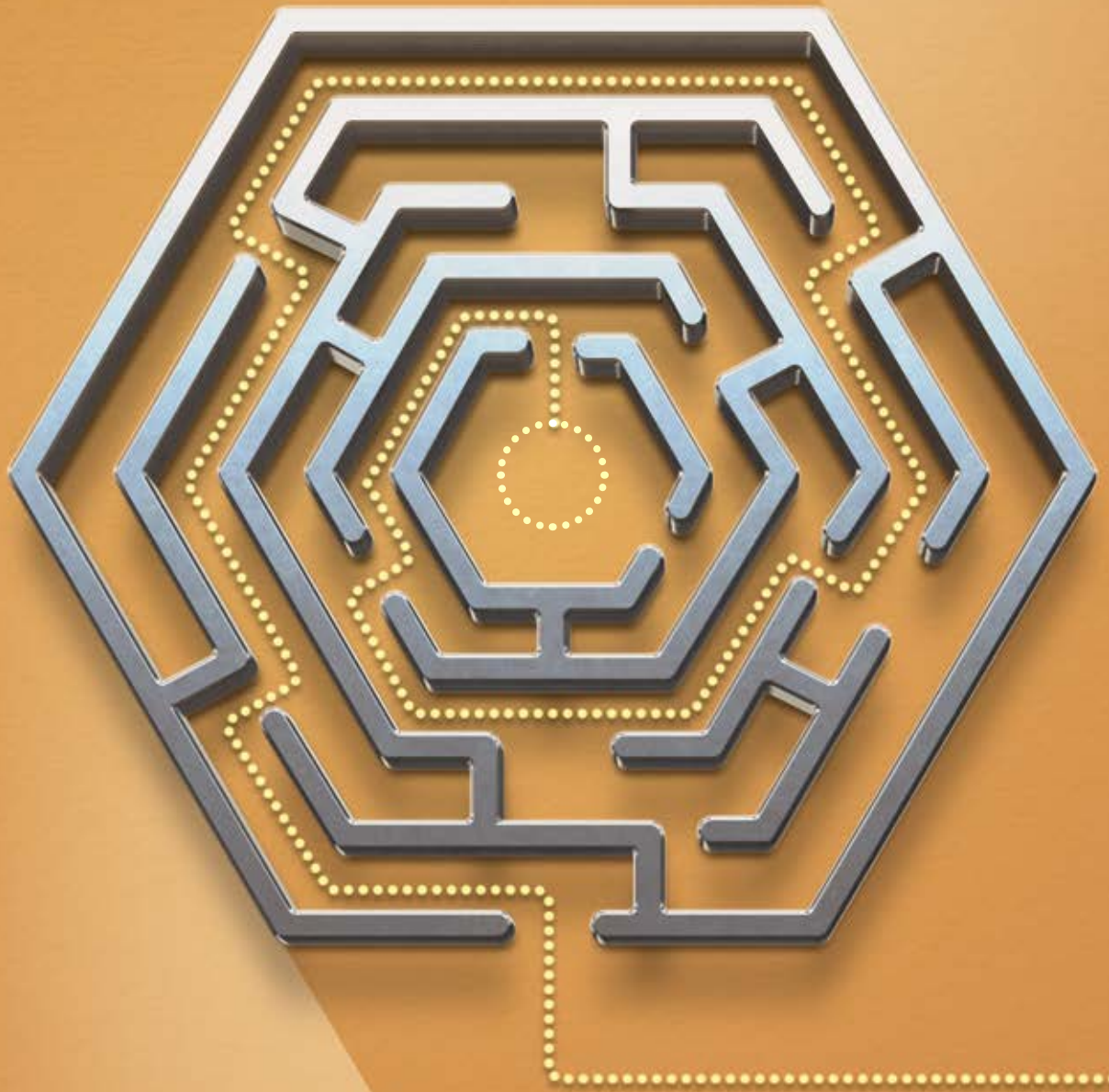


## HOLI 2022



## IPO LISTING CELEBRATION









Empowering women in the economy and closing gender gaps are **key to achieving inclusive and sustainable growth**

**M**OVING across the length and breadth of India, you will find one common sight, women are at work from the crack of dawn to the wee hours of the night. Dressed in traditional attire, they can be seen working on fields, operating small ventures, tending to livestock, all while they continue to take care of their households and families with equal care. These are the 400 million women residing in rural India.

Without these, rural communities would not function. Yet, they often face resource inequities, reduced access to services, lack of education, and unequal rights, making it difficult for them to fulfill their potential.

According to the Centre for Monitoring Indian Economy (CMIE), the labour force participation rate of rural women was 9.92% in March 2022 compared to 67.24% for men. Due to cultural norms, where men typically migrate to search for work; women often find themselves

with the heavy burden of unpaid care, leaving little time to engage in gainful employment.

Despite rural women being recognised as harbingers of economic, environmental and social changes required for sustainable development, limited access to credit, health care, education and various other challenges, hampers their growth process and their contribution to economic growth and social welfare.

Microfinance is heralding change among rural women in India. It is not just providing them funds to transform their dream into reality; it is also assisting them in growing their micro ventures and introducing them to digital tsunami that is sweeping across the Indian landmass in recent years.

According to a report by credit information firm TransUnion CIBIL, the number of women borrowers in India grew to 63 million that is 28% of the total borrowers in the country. The report suggests that the number of women borrowers increased at a CAGR of 15% over the last five years.

The report also suggests that the share of women borrowers in semi-urban and rural locations grew at a CAGR of 18% between CY 2017 and CY 2022, compared to 14% growth in metro and urban areas. The overall share of women borrowers in semi-rural and rural locations has risen to 62%, marking an increase of 6 percentage points during the same period.

Rural women are increasingly participating in economic activity. The Economic Survey notes the noticeable rise in Rural Female Labour Force Participation Rate (FLFPR) from 19.7% in 2018-19 to 27.7% in 2020-21





# How the microfinance sector performed in FY23!

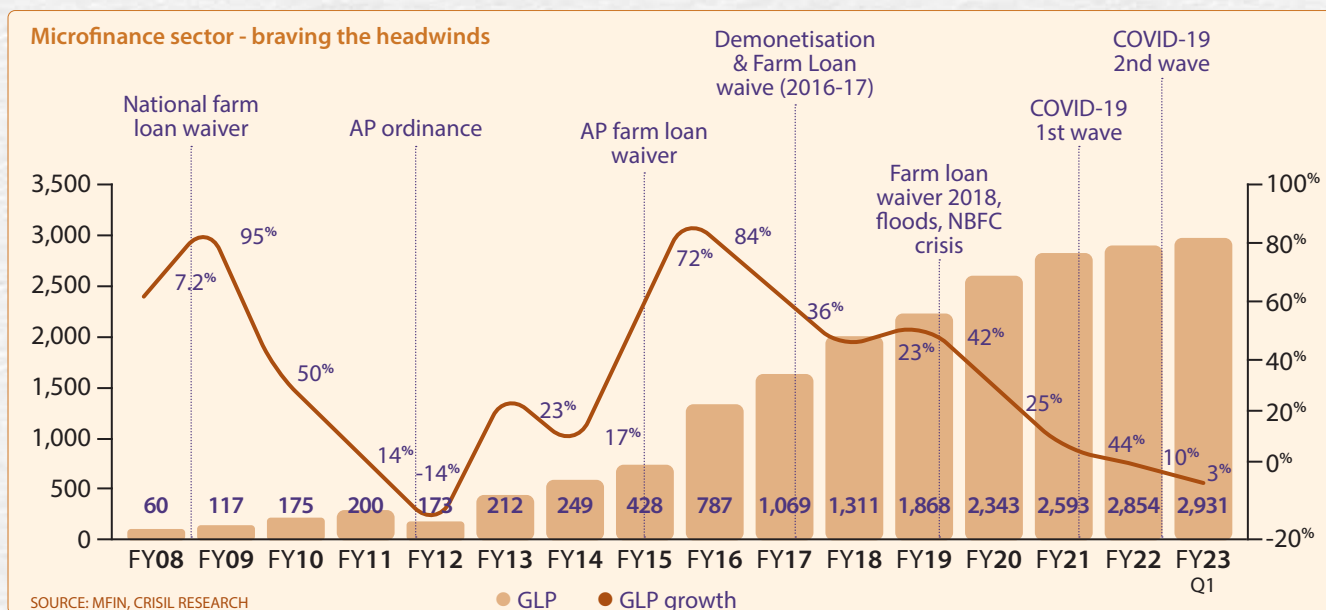
**A**s on 31 March 2023, the microfinance industry serves 6.6 crore unique borrowers through 13.0 crore loan accounts.

Microfinance operations are present in 729 districts across 28 states and 8 union territories (UTs), including a very small portfolio in the UT of Ladakh and Lakshadweep.

NBFC-MFIs are the largest provider of micro-credit with a loan amount outstanding of ₹1,38,310 crore, accounting for 39.7% to total industry portfolio. 13 Banks hold the second largest share of portfolio in micro-credit with total loan outstanding of ₹1,19,133 crore, which is 34.2% of total micro-credit universe. SFBs have a total loan amount outstanding of ₹57,828 crore.

The on-balance sheet portfolio of NBFC-MFIs was ₹1,38,310 crore, spread across 717 districts of 35 states and union territories. There is an increase in portfolio of around 37.7% over the same quarter of last year. Overall health of portfolio has improved on a YoY basis as reflected by PAR >30 of 8.3% as on 31 March 2023, in comparison to 10.1% as on 31 March 2022. During FY 22-23, NBFC-MFIs received a total of ₹74,787 crore in debt funding, which is 59.2% higher than FY 21-22.

New regulatory norms have created a level-playing field and it is reflected in the growth of the portfolio of NBFC-MFIs.



**Note:** Data includes data for banks lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks lending through SHG. The amounts are as of the financial year. (N= 211 for Q1FY23; N= 202 for FY22; N= 188 for FY21; N= Number of entities).

# Microfinance, Headroom for growth

**C**RISIL Research expects MFI Industry to grow at 18-20% CAGR between FY2022-2025.

During the same period, NBFC-MFIs are expected to grow at a much faster rate of 20-22% as compared to the MFI industry. Key drivers behind superior growth outlook of the MFI industry include increasing penetration into the hinterland and expansion into newer states, faster growth in rural segment, expansion in average ticket size, and support systems like credit bureaus. The presence of self-regulatory organisations (SRO) like MFIN and Sa-Dhan is also expected to support sustainable growth of the industry going forward. Microfinance sector in India regulated by the RBI. The RBI's new regulatory regime for micro finance loans effective April 2022 has done away with interest rate cap applicable on loans given by NBFC-MFIs, and also supports growth by enabling players to calibrate pricing in line with customer risk.



## Key enablers behind growth of Microfinance Industry

- Digitalisation to bring down costs, improve collection efficiency and profitability for MFIs. CRISIL Research expects that the lower cost of servicing customers, better productivity and lower credit costs through the use of technology will help MFIs improve their profitability
- MFIs have built a large distribution network in urban and rural India. Now these MFIs are leveraging this network to distribute financial and non-financial products including insurance and product financing of other institutions to members at a cost lower than competition







### Rising Penetration to Support Continued Growth of the Industry

Although, India's household credit penetration on MFI loan has increased to 33% in the financial year 2020 from 23% in the financial year 2017. The penetration is still on the lower side as only 4 states have penetration higher than 40%. There is huge untapped market available for MFI players. As of the end of March 2022, the microfinance industry had grown at a CAGR of 22% since the financial year 2018. In the financial year 2022, the industry grew by 10% year on year to reach ₹3.02 trillion as of March 2022. Going forward, CRISIL Research expects the overall portfolio size to reach ₹5.0 trillion by end of the financial year 2025.



### Rural Segment to Drive MFI Business

CRISIL Research expects the share of rural segment in MFIs' business to remain higher, with increasing demand expected from this segment. Despite 2/3rd of population, 47% of GDP contribution and 2/3rd of two-wheeler demand; the rural segment's share in credit remains fairly low at 10% of the overall credit outstanding, thereby opening up a huge opportunity for savings and loan products.

Compared to banks, MFIs have higher focus on rural areas. Going forward as well, for MFIs, rural clientele is expected to remain high in the range of 55-60% compared to urban clientele. CRISIL Research believes that establishing a good relationship with rural customers and engaging with them regularly leads to longer and more loyal customer relationship, which can be further leveraged to cross-sell other products.









# Care for Stakeholders



## Environmental Social & Governance



**F**USION'S operations and long-term sustainability are deeply intertwined with Environmental, Social, and Governance (ESG) considerations. We recognize that our activities can have a significant impact on the environment and society. Therefore, we have been adhering to IFC's Exclusion List prohibiting activities that are inconsistent with sustainable development principles. Our unwavering action is reflected in the development and adoption of an Environmental & Social (E&S) Policy that guides the processes and supports the existing system, upholding the environmental stewardship and social responsibility. To ensure the effective implementation of our E&S Policy, we have established an Environmental and Social Management Framework (ESMF) to manage environmental & social risks and opportunities across all our operations.

By integrating our Environmental & Social Policy into our operations and adhering to IFC's exclusion list, our goal is to drive sustainable growth



while creating enduring value for our stakeholders. We remain committed to upholding high standards of environmental stewardship, social responsibility, and corporate governance, and we will continuously adapt our practices to meet the evolving demands of our changing world.

In rural regions, a noteworthy contribution to environmental sustainability has been made through offering bicycles to more than 7,000 people. These bicycles play a crucial role in facilitating the commuting needs of children going to school and carrying out their daily activities, while adults utilize them for their work commutes. As a result, not only do these bicycles lead to significant savings on transportation costs, but they also contribute to reducing carbon emissions and promoting eco-friendly modes of transportation.

Furthermore, the provision of close to 9.70 Lakh inverter bulbs to rural households has had a positive impact on both convenience and the environment. These bulbs act as reliable alternatives during sudden power or grid failures, ensuring that household tasks continue without disruption. By relying on these energy-efficient bulbs, rural communities are not only able to minimize the inconvenience caused by power outages but also reduce their dependence on conventional sources of energy, thereby reducing their carbon footprint. Additionally, some people have re-purposed these bulbs as lanterns for safe navigation outside their homes during evening hours, further promoting sustainable practices.

At Fusion, we recognize the significance of actively participating in social development and tackling societal issues. To this end, we have implemented robust Corporate Social Responsibility (CSR) programs that are designed to create a positive

impact on the communities where we operate. These CSR initiatives align with various United Nations Sustainable Development Goals (SDGs), encompassing SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), and SDG 13 (Climate Action).

Our sustainable farming program focuses on improving agricultural practices, working closely with local farmers to increase crop yields, reduce environmental impact, and promote sustainable food production in alignment with SDG 2 (Zero Hunger). Additionally, our water purifier initiative addresses water impurity, ensures access to safe drinking water, and reduces water wastage, directly contributing to SDG 6 (Clean Water and Sanitation). Similarly, through our comprehensive plantation program involving households in villages aims to restore ecosystem and increase green cover enhancing the biodiversity.



We actively engage the local workforce, providing employment opportunities to local people both within our organization and through our CSR activities, thereby contributing to SDG 8 (Decent Work and Economic Growth).

We prioritize good governance, emphasizing transparency, ethics, and stakeholder welfare. Our comprehensive anti-harassment policy fosters a respectful work environment.



Through transparency, we communicate openly with stakeholders.

We prioritize the well-being of employees, engage communities, and maintain ethical relationships with suppliers, demonstrating responsible business conduct for sustainable growth.

# Social Performance Management



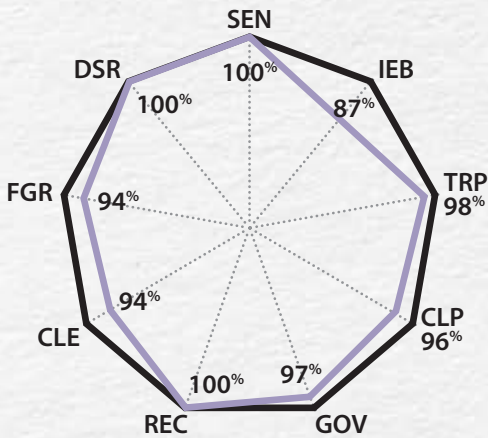
## Comprehensive MFI Grading (Code of Conduct Assessment & Company Grading)

In the Code of Conduct Assessment (CoCA), the Company achieved a score of 97% and received a C1 grade, reflecting its outstanding compliance with the Code of Conduct. M-CRIL conducted the assessment, utilizing indicators such as transparency, client protection, governance, recruitment, client education, feedback, grievance redressal, and data sharing to evaluate the Company's performance.

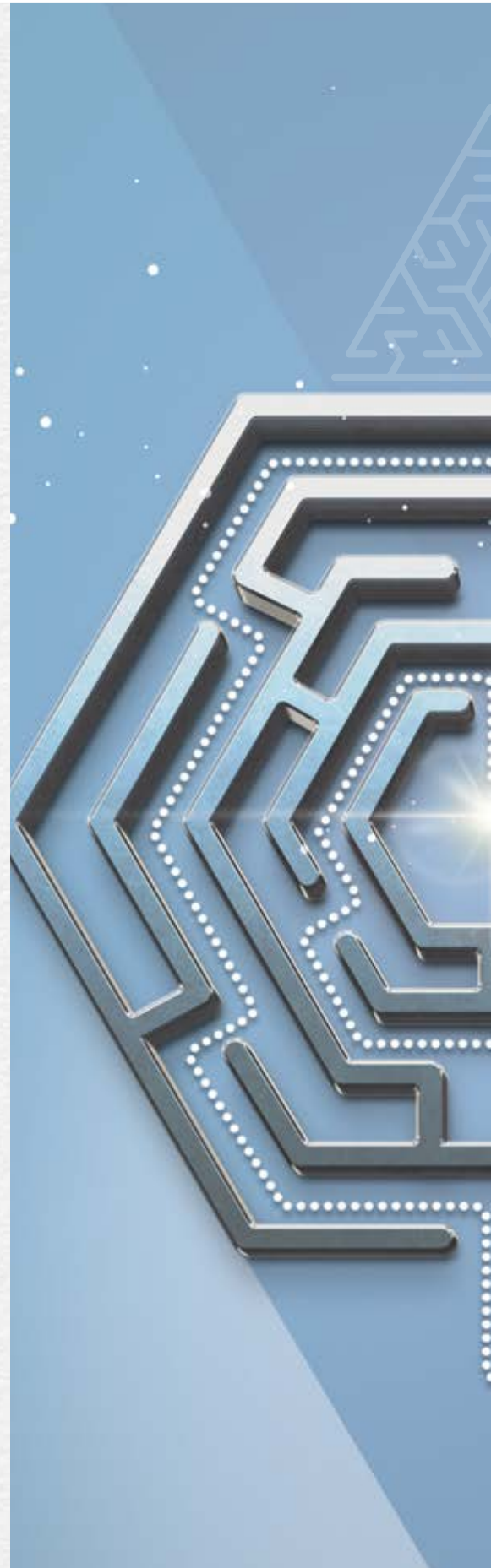
The company is an M2C1-grade organization, demonstrating its high capacity to sustainably manage its operations. The MFI Capacity Assessment Grading evaluates the company's capital adequacy, governance, management quality, and risk management systems to determine its capacity.

### COCA Dimension Scores

● Max ● Obtained



### ADDO scores







### Gold Standard from SPTF and Cerise for Client Protection Principles

**R**ECEIVED the 'Gold' level certification in Client Protection Principles from Social Performance Task Force (SPTF) and Cerise. The certification demonstrates a strong commitment to maintaining high standards of ethical conduct, transparency, and fairness in all customer interactions.

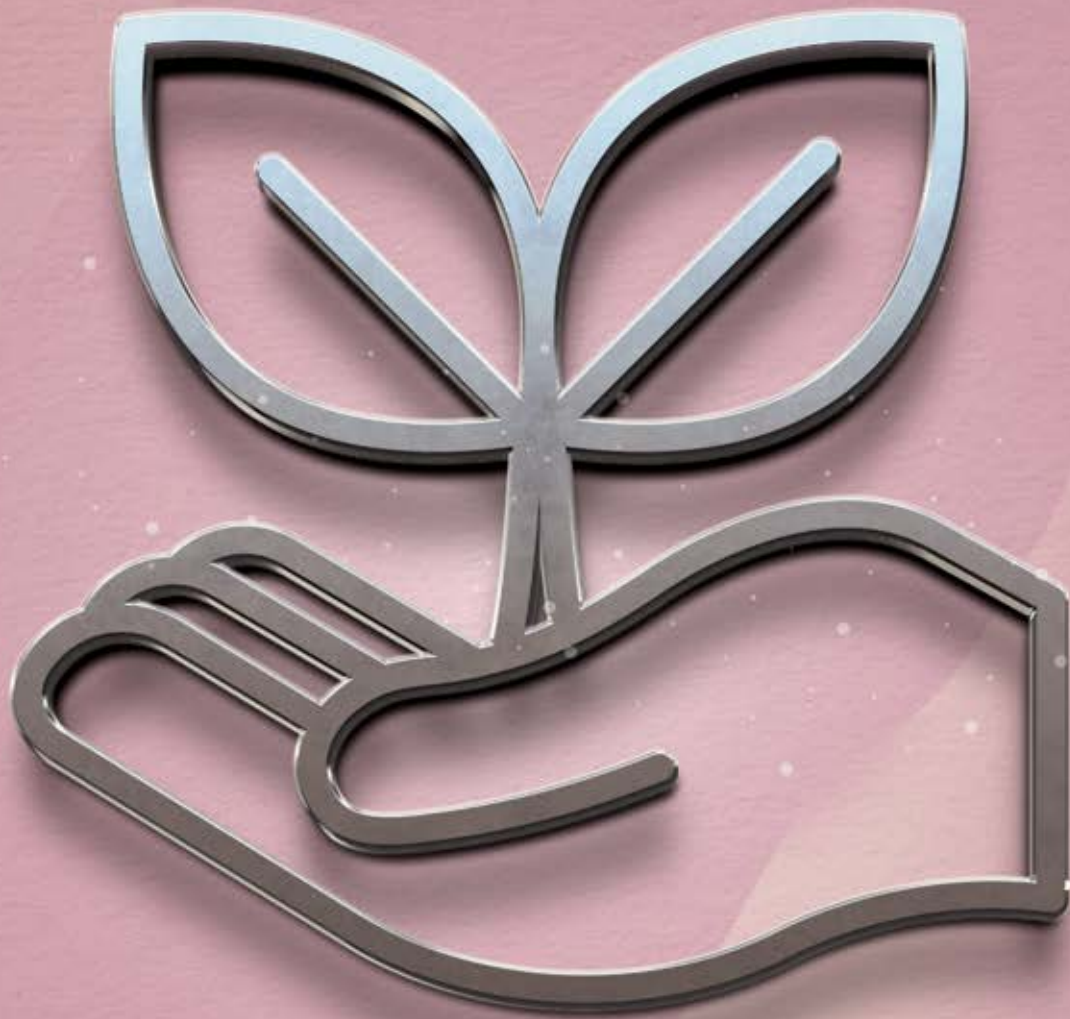
Receiving the 'Gold' certification means that the institution has demonstrated excellence in all areas of client protection, including preventing over-indebtedness, transparent pricing, responsible pricing, appropriate collections practices, ethical staff behaviour, and privacy of client data. It is a testament to the institution's commitment to putting its clients first and ensuring that they receive fair and responsible financial services. It also signifies that the institution has established a culture of continuous improvement and is committed to maintaining the highest standards of client protection in the future.

SPTF (Social Performance Task Force) and Cerise are two of the leading organizations that evaluate and certify financial institutions based on their adherence to the Client Protection Principles. The certification process involves a rigorous evaluation of the institution's policies, procedures, and practices related to client protection.

### SPI5 (Social Performance Indicators) Audit

**S**CORING 70% in SPI5 audit is a testament of the company's commitment to social responsibility and ethical practices. The company was assessed against seven dimensions of Universal Standards for Social and Environmental Performance Management (USSEPM) and found to be excellent in social strategy, leadership commitment, client-centricity, client protection, and human resources development. It indicates that the company has prioritized the well-being of its clients, making it a socially responsible and ethical financial institution. The audit was conducted by BNP Paribas towards their commitment for social and environmental performance.





A woman in a long dress is shown in silhouette, holding a child. To the left, a triangular maze graphic is partially visible, with a horizontal dotted line and a bright light flare intersecting it.

# Against all Odds



**A**T Fusion, ESG principles are considered while making fundamental strategic and operational choices. With increasing demand for environmental and social change in the next few decades, we are committed to creating a lasting social and environmental impact, that extends far beyond our financial performance and wealth creation. By serving our disadvantaged and marginalized stakeholders, we have embraced ESG as a central part of our business model and demonstrated a genuine commitment to sustainability and responsibility.

We are conscious of our **“Green Footprint”** and have taken proactive steps to achieve that. We have incorporated paperless operations through the deployment of cashless disbursement of loans to customers’ bank accounts, achieving a success rate of 97%. Also, we have started digital on-boarding of clients to contribute to environmental sustainability. We have started offering bicycles to complement the product purchases by our customers, in order to promote a pollution-free mode of transport. Our CSR team has formulated digital literacy programs to educate people about digital payments.

We have consistently focused on environmental intervention programs through our CSR initiatives such as sustainable farming, greening the forest area, protecting water sources in villages and curbing menstrual waste. Meanwhile, the economic empowerment of women entrepreneurs had a direct impact on migration to urban/semi-urban areas reducing the burden on infrastructure and the environment.

At Fusion we ensure that we cultivate a company culture of integrity, leading to positive performance and a sustainable business overall. We strive to increase the accountability of our company to safeguard the interests of our employees and provide them with a safe working environment through employee-friendly policies. We demonstrate our commitment to the principles of sustainable growth and development by creating job opportunities for the youth, supporting the local workforce and generating employment through the businesses financed by us.

Our strategic social and environmental plans helps us contribute to 8 out of 17 UN sustainability goals. We, further, practice sustainable finance by conforming to the International Finance Corporation’s (IFC) Exclusion List which is a part of the World Bank Group to assess loan applications from an Environmental and Social perspective.



We strictly do not fund businesses that could impact society, community and environment adversely.





73,047

Beneficiaries

137

Programs

19

States & UTs

22

Aspirational  
Districts

1,096

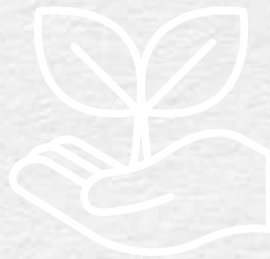
Employee  
Participation

358

Media  
Coverage

12

NGOs  
involved



299

Govt/Key Official  
participation







# Relief & Welfare

**F**LOODS are a recurrent phenomenon in India due to geographical factors and every flood leaves rural areas helpless, causing huge loss of lives and damage to livelihoods, property, infrastructure and public utilities.

Climate change due to global warming is a reality today and according to a report by Marsh McLennan, around 33% of the world population is threatened by flooding in a 1.5-degree Celsius temperature rise scenario. The same report mentions that at present, nearly 19% of the Indian population faces the risk

of floods and anticipates that if the global temperature rises to 2 degrees Celsius, 40% of the Indian population would face this risk.

In FY 23, several Indian states experienced massive flooding owing to incessant rains coupled with poor infrastructure. The lack of proper drainage systems further aggravated the problem.

We have reached out to some of the victims to provide them with essential immediate needs. Relief packages including food items, toiletries, and household items were distributed to 3,802 flood-affected households benefitting 15,208 people across 130 villages of Uttar Pradesh, Rajasthan, Madhya Pradesh, Jharkhand and Odisha.

15,208

Beneficiaries

17

Programs

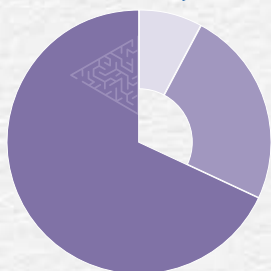
5

States





## Food Security



68% of families (avg 6 members) utilized food packages for around 30 days.

● 30 Days [68%] ● 15 Days [24%] ○ More than a Month [8%]

Relief Work	TESTIMONIAL	
PROJECT		
PROJECT BENEFICIARY	<p><b>Name:</b> SARITA <b>Location:</b> Tarai Kshetra, Faizabad</p> <p><b>MY</b> name is Sarita and I live in Tarai Kshetra Faizabad. Recently, my family and I faced a devastating flood that destroyed everything we owned. We were left with no shelter, no food, and no hope. That was when Fusion came to our rescue. They organized flood relief work and distributed relief packages to the affected families, ours being one of them. Thanks to Fusion, I received food material, toiletries and essential items that were enough for my family for a month. I cannot express how grateful I am for their timely help.</p>	

SOURCE: [https://www.business-standard.com/article/current-affairs/40-of-indians-face-flood-risk-if-temperature-rises-to-2-degrees-report-123031400972\\_1.html](https://www.business-standard.com/article/current-affairs/40-of-indians-face-flood-risk-if-temperature-rises-to-2-degrees-report-123031400972_1.html)



## Healthcare

**WOMEN** from disadvantaged backgrounds comprise our clientele for our microfinance business and we understand how vulnerable women of these sections are to diseases and infections because of lack of adequate basic healthcare facilities. Therefore, we have designed some of our CSR programs to serve women and girls. Our initiatives include health camps, mobile medical van, wheelchair distribution, and eye care programs for people in rural India who do not have easy access to medical facilities.

### Menstrual Hygiene Management (MHM)

Feelings of embarrassment and impurity associated with menstruation are common amongst young girls. Around 23 million girls in India drop out of school every year due to inadequate menstrual hygiene management (MHM) facilities that

include access to sanitary napkins, awareness of menstruation, and access to clean toilets with running water and disposal facilities.

Lack of proper menstrual hygiene management happens partially because of cultural myths and discriminatory traditions that consider this natural phenomenon a taboo. We understand that menstruation is

a healthy part of life and therefore we have created Project Garima - a menstrual hygiene management program through which we generate awareness and initiate Social and Behavioural Change Communication (SBCC). The SBCC focuses on the proper usage of sanitary napkins and hygienic absorbents by women and adolescent girls.

Women in rural areas go through extreme struggles to manage their menstrual health which can affect both their physical and mental health. She is not only at risk of infection, but also her education, self-esteem, and confidence suffer immensely.

Under the project, we have educated 11,200 adolescent girls and women on menstrual hygiene management and provided them with sanitary napkins in the Kalahandi district of Odisha. In many villages, women have incomplete and inaccurate

information about menstrual physiology and hygiene. We have had 389 awareness sessions conducted across 48 villages including 9 indigenous areas.

11,200

Beneficiaries

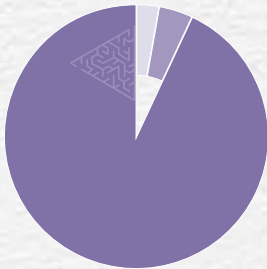
48

Villages

Odisha

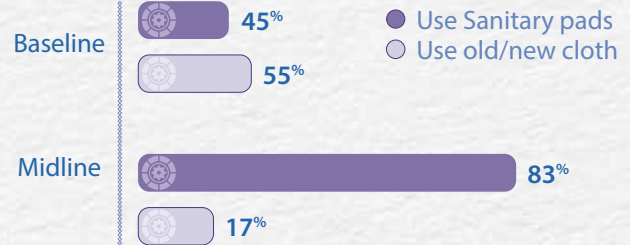
State

**Improved Awareness of MHM:** 93% of beneficiaries have shown improvement in their knowledge of MHM

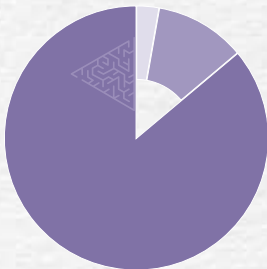


- Improved knowledge of MHM [93%]
- No change in MHM knowledge level [4%]
- First time receiving MHM knowledge [3%]

**Adoption of Sanitary Napkins:** 37% increase in the usage of pads among women




**Disposal method:** 14% of beneficiaries are using safe disposal methods. However, due to a lack of proper sanitation systems at suitable locations, 86% of beneficiaries dispose off sanitary napkins in open ground.




- Open ground [86%]
- Dustbin / Ground pit [11%]
- Incinerator at schools [3%]





MHM		
PROJECT	TESTIMONIAL	
PROJECT BENEFICIARY	<p><b>Name:</b> JAGYANSENI NAIK <b>Location:</b> Rangiguda village, Kalahandi</p> <p>I am Jagyanseni Naik, a native of village Rangiguda, Bhawanipatna block. I graduated recently, but despite my age, I was not fully aware of how to maintain menstrual hygiene. Other girls of my age didn't know much either. Fusion Micro Finance has been providing sanitary napkins and holding awareness sessions on topics like adolescent health, sanitary napkin use, menstrual hygiene, and cleanliness. Prior to Project Garima, women, and adolescent girls had very little information about how to manage their menstrual hygiene. I can witness the difference that these awareness camps have brought to our community. I have noticed women and girls implementing the knowledge that they have learned in the sessions, and taking care of their personal hygiene. I want to thank Fusion for that.</p>	



MHM		
PROJECT	TESTIMONIAL	
PROJECT STAKEHOLDER	<p><b>Name:</b> KALPANA DEI <b>Govt. U.P.S School, Gokulsar, Kalahandi</b></p> <p>MY name is Kalpana Dei, and I'm from the Gokulsar village of Kesinga Block in the Kalahandi region. For the past four months, Fusion Micro Finance has held educational sessions in our school, teaching students about the use of sanitary napkins, hygiene, how to properly dispose off used pads, healthy eating, government scheme and irregular periods. They have also given away free sanitary napkins. The sanitary napkins are user-friendly and comfortable. Girls would often skip school on the initial days of their menstruation as they did not have safe means to manage themselves for an entire school day. After using the sanitary napkins, menstruation is no longer an obstacle for them; improved attendance is a reflection of this change. We are thankful to Fusion for this much support.</p>	



### Health Camps

We have organised Medical camps for the deprived population of the country who have no access to basic healthcare services or knowledge about diseases they are suffering from or how to prevent those.

These camps ensure that people get proper healthcare at the right time and consult a doctor early enough, before a small health problem turns into a serious health condition.

We have been setting up health camps to improve public health and provide primary care to marginalized communities as we believe that the right to health is a fundamental right of every individual.

Health examinations and tests at the early stages of any illness can help it cure faster and save a life before it can cause much damage. One can live a longer and healthier life only when the individual gets the right kind of health check-up, screening, and the requisite treatment.

Through Fusion's health camps, gynecologists, pediatricians, and general physicians diagnoses people. Check-ups and tests for blood pressure, hemoglobin levels, and diabetes were also facilitated under one roof.



7,417  
Beneficiaries

48  
Programs

17  
States

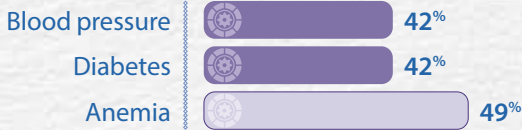
2,540  
Diabetes Tests



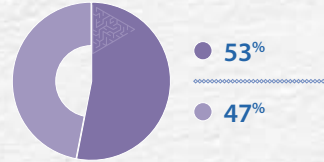
2,317  
Hemoglobin Tests

**Impact Assessment:** The sample size is 10% of the total beneficiaries that is 740 people out of 7,417 beneficiaries from multiple states.

42% of people came to know about their diabetic condition and 49% of women were diagnosed with Anemia.



47% of women consulted a gynecologist for the first time in their lives.



<b>Health Camp</b>		
<b>PROJECT</b>	<b>TESTIMONIAL</b>	
<b>PROJECT BENEFICIARY</b>	<p><b>Name:</b> AMIT PATEL <b>Location:</b> Badaun, Uttar Pradesh</p> <p><b>MY</b> name is Amit Patel from Badaun, Uttar Pradesh. I lost my job during the COVID-19 lockdown. I was struggling to make ends meet and couldn't afford to visit a doctor for my health issues. That's when I heard about the health camp organized by Fusion.</p> <p>At the health camp, I got to consult a general physician who listened to my health concerns and provided me with the necessary medical attention. The best part was that I got the medicines and treatment for free! I am extremely grateful to Fusion for organizing such a wonderful health camp that benefited people like me who couldn't afford medical treatment.</p>	





### Mobile Medical Van

Traveling significant distances to reach the nearest healthcare facility to seek a simple medical treatment or to get routine check-ups can be a real burden for patients from far-off rural locations.

Therefore a medical van initiative was launched to provide free medical check-ups at the doorstep in 17 villages of Mansa, Punjab. 793 women, 770 men, 304 children, 383 senior citizens were covered under this program, and 200 diabetes tests were done.

The majority of patients diagnosed in the medical van suffer from diabetes, hypertension, cold, flu, arthritis, and irritable bowel syndrome.

2,250

Beneficiaries

17



Villages

Punjab

State





Medical Van	
PROJECT	TESTIMONIAL
PROJECT BENEFICIARY	<p><b>Name:</b> BALJEET KAUR <b>Village:</b> Bhakora Kala, Mansa</p> <p><b>V</b>ISITING doctors and getting medicines was a constant challenge for us. But thanks to Fusion Micro Finance, we now have a medical facility right outside our door. We no longer need to travel for basic medications. What's even better is that the medicines are free of cost. The doctor is supportive and many of us have been benefited from his treatment. We thank Fusion for this essential support.</p>
	



**Wheelchair Distribution**

For people with disabilities, having access to mobility devices is a pre-condition to living independently. Fusion provides access to personal mobility devices that not only increase mobility but also improve the health

of users and increase socio-economic well-being and participation in community activities. Wheelchairs were provided to specially abled women, men, and children belonging to weaker sections of society to

help them experience independent mobility, improve their self-confidence and livelihood possibilities. The wheelchairs have also been helpful in their livelihood.

8

Beneficiaries

4

Villages

Madhya Pradesh State





<b>Wheelchair Distribution</b>		
<b>PROJECT</b>	<b>TESTIMONIAL</b>	
<b>PROJECT BENEFICIARY</b>	<p><b>Name:</b> PANGALI <b>Location:</b> Thandla, Madhya Pradesh</p> <p><b>M</b>y name is Pangali. I am from Thandla, Madhya Pradesh. Before receiving a free wheelchair from Fusion, my life was only about challenges. I had difficulty moving around, which made it a struggle to carry out daily activities.</p> <p>But now, thanks to Fusion, I have a wheelchair that has changed my life. It has made it easier for me to move around and perform daily tasks. I no longer rely on others for assistance, and I feel more independent than ever. Mobility is a gift that people rarely appreciate. I am remove grateful to Fusion for their generosity and support. They have made a significant impact on my life, and I will always remember this experience. Thank you, Fusion!</p>	



<b>TESTIMONIAL</b>		
<p><b>MR DEVENDER AHLAWAT</b> <i>Assistant Sub Inspector - Haryana Police</i></p>		
<p><b>F</b>or the unprivileged specially-abled people, Fusion Micro Finance heralded a new beginning. Their initiative to provide wheelchair has offered them hope for a dignified life. With their new-found mobility, they can now be more independent, and can also look for better employment. Fusion has indeed made their dream come true. I wish them all the best for their future.</p>		



**Project Ojas**

In many parts of India, awareness of vision correction and access to eye care centres is very low. It is important to have one's vision corrected as it can greatly improve the quality of day-to-day life.

With Project Ojas, we have conducted doorstep screening of cataracts, refractive errors, and other eye ailments for the entire families. Lasik cataract surgeries were facilitated, and spectacles were provided to patients with refractive error and presbyopia.

People were also made aware of healthy eye care practices to avoid loss of eyesight.

1,456

People Screened

2

Programs

Bihar & Uttar Pradesh

States

40

Cataract Surgeries




90


Spectacles Distribution





Ojas		
PROJECT	TESTIMONIAL	
PROJECT BENEFICIARY	<p><b>Name:</b> KRISHNA DEVI <b>Village:</b> Tripoliya, Bihar</p> <p><b>M</b>Y name is Krishna Devi. I am a 55-year-old widow from Tripoliya village, Bihar. I was facing trouble with my vision. However, I never discussed my visual impairment with my sons, as it would have increased the financial burden on them.</p> <p>On January 2023, a door-to-door eye checkup was conducted by Fusion in our community, where I was diagnosed with cataract in both eyes. Later that week, I was taken to a nearby eye hospital in Patna City for a comprehensive eye checkup by a senior Optometrist. The Optometrist thoroughly checked my eyes and was advised for immediate surgery. All the services facilitated by Fusion.</p> <p>I can't express my gratitude for this life-changing experience. The surgery process was smooth and painless. They made me feel comfortable, provided me with all the necessary information and resources to ensure my recovery was ensured my swift recovery. The impact of this surgery goes beyond just improving my vision; it has given me the opportunity to live a more fulfilling life and continue my farming, and for that, I am forever grateful.</p>	



Ojas		
PROJECT	TESTIMONIAL	
PROJECT STAKEHOLDER	<p><b>Name:</b> LION ER. ASHOK KUMAR <b>Designation:</b> Secretary, Lions of Patna Service Trust</p> <p><b>T</b>he aim of our Trust is to address the growing problem of eye disease in our community by offering a range of services including eye examination, prescribing glasses and surgeries for more complex cases. We are the partner hospital of Operation Eyesight, the implementing organization of Fusion's eye care initiative - Project Ojas. The project aimed to improve the quality of life for those affected by refractive error and cataracts. Fusion supported 90 free spectacles to refractive error patients and 35 free cataract surgeries to low-income families through its program. Sri Sai Lions Netralaya (a unit of Lions Trust) feels honoured to be a part of this project. We thank you for making a difference in our community.</p>	









# W.A.S.H (WATER, SANITATION & HYGIENE)

A clean and safe environment is a basic human right. Access to clean water, sanitation, and hygiene are quintessential for a healthy and prosperous life.

As our country strives to develop into a \$5 trillion economy by 2025, we realize that growth and development need to be inclusive by including the most underprivileged. Therefore, we commit ourselves to meeting the basic WASH needs of the rural masses in a few states.



PROJECT	TESTIMONIAL	
<p><b>WASH</b> School Principal</p> 	<p><b>Name:</b> JADHUNAAT SINGH <b>Designation:</b> Principal, GHS Raighati</p> <p><b>A</b>s the principal of GHS Raighati, I am immensely grateful to Fusion for installing a water purifier in our school. Our students now have access to safe drinking water. They also did plantation in the school premise.</p> <p>It has not only added beauty to our school but has also encouraged students to understand the importance of a clean and green environment.</p> <p>These programs have been truly beneficial for the well-being of the students. We will always be grateful to Fusion for this initiative.</p>	

PROJECT	TESTIMONIAL	
<p><b>WASH</b> Technorbital - Senior Lead</p> 	<p><b>Name:</b> SUNEET MALHOTRA <b>Designation:</b> Senior Lead, Technorbital</p> <p><b>W</b>E at Technorbital are extremely honored to support the socially significant initiatives of Fusion Micro Finance. The sixth of the United Nations' 17 Sustainable Development Goals is positively impacted by our significant breakthrough, which makes water potable in one of the greenest ways. Water is one of the most important and necessary resources that schools and communities require, and Fusion has always attempted to ensure this becomes a reality.</p> <p>Fusion works on several SDGs, but we are glad to state that they have always travelled those extra miles to conserve water and guarantee that the communities have access to safe and healthy water. After all, water is not something that only a privileged few are endowed with.</p> <p>We thank Fusion for choosing us as a partner in this socially impactful endeavor.</p>	





**Waterwheel Distribution Program**

One of the primary differences between rural and urban housing is that much of the infrastructure that is often taken for granted by the urban resident does not exist in the rural environment.

Villagers and particularly women have to often travel far distances to reach the source of water and then carry it back home. While we live in the comfort of easy water availability thanks to modern construction methods, a large number of village

folks still lack that access. As on 19th May 2023, the Jal Jeevan Mission of the union government has succeeded in providing tap water connections to 61.85% of the rural households in India. The remaining still suffer and we decided to play our role in lessening the hardships of these families.

Fusion has distributed waterwheels to 193 families from 41 villages of Madhya Pradesh, Tamil Nadu, Chhattisgarh, and Bihar collectively benefitting 772 people. Women and children in those households used

to commute 1 to 4 km to the nearest water source to fetch water carrying heavy containers which had a long-term negative effect on their health. The waterwheel has made their task much easier. Beneficiaries can now easily bring up to 45 litres of water conveniently rolling it on the road rather than carrying heavy containers of water. The containers can also be used to store water in a hygienic manner to prevent contamination.

772

Beneficiaries

6

Programs

4

States

193

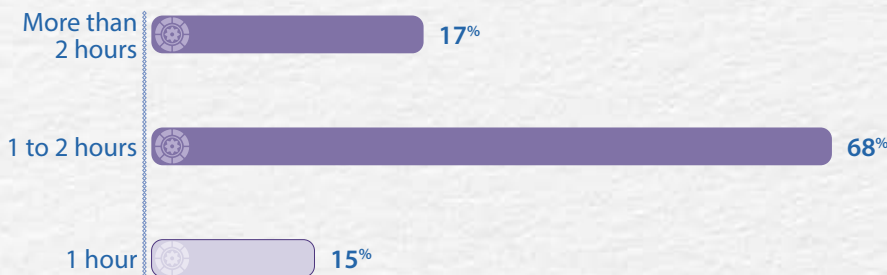
Households



41



Villages

**Impact:** 68% of families saved their time up to 2 hours per day after getting the waterwheel.







<b>Waterwheel Distribution</b>		
<b>PROJECT</b>	<b>TESTIMONIAL</b>	
<b>PROJECT BENEFICIARY</b>	<b>Name:</b> GUDIYA DEVI <b>Village:</b> Barwakoch, Bihar	
	<p> <b>M</b>y name is Gudiya Devi, and I am a 23-year-old woman from Barwakoch. I have a family with two small children for whom providing safe drinking water has always been a struggle. I had to walk for hours to fetch clean drinking water from a distant well carrying heavy pots of water on my head while holding my children's hands. It was exhausting and dangerous, but I had no other options.         </p> <p>           However, my life changed when I received a waterwheel from Fusion. The waterwheel made it so convenient to fetch water. I could easily push the container on the road and I no longer have to carry heavy water pots. This has made my life so much easier, and I could spend more time taking care of my children and doing other household chores. I am grateful to Fusion for making such a significant impact on my life.         </p>	





**Water Purifier Installation**

According to the UN, one in three children worldwide does not have access to clean drinking water while at school, which impacts both their health and their ability to learn. The UN SDGs include the attainment of access to safe and affordable drinking water for all by 2030 and yet, the current level of global investment is only about one-third of the finances needed to achieve this target. As per 2021 data, more than 42,000

government schools across India don't have drinking water facilities.

According to a UNICEF report, school attendance in India decreases when children are required to spend hours collecting water.

When children lack access to clean water, it has an adverse impact on their health, nutrition, education, and every other aspect of their lives. One of the major reasons for absenteeism from schools in rural India is illness

due to water-borne diseases. More often, diarrhea cases are contracted in schools.

We, at Fusion, strive to contribute our part in alleviating this problem. We have provided drinking water solutions to 5 govt. schools in India covering 1,203 students and teachers. Earlier, they were using hand-pumps for drinking purposes which had around 300-350 TDS (Total Dissolved Solids) levels.

1,203  
Beneficiaries

5  
Schools

Uttarakhand  
State



REFERENCES:  
<https://www.thenews.com.pk/print/1038836-one-in-three-schoolchildren-lacks-access-to-drinking-water>  
<https://theswaddle.com/more-than-42000-schools-in-india-have-no-drinkable-water-education-ministry/>  
<https://www.unicef.org/india/what-we-do/clean-drinking-water>  
<https://www.unicef.org/wash/water>  
<https://www.sarvajal.com/adopt-school.php>



# Education

**E**DUCATION is another basic need of rural India for developing themselves and improving their lives. We do acknowledge our responsibility in contributing towards this goal by elevating and empowering the underprivileged and under-served masses and positioning them on the trajectory of self-sufficiency and growth.

## Financial & Digital Literacy

Lack of basic financial knowledge results in poor investments and financial decisions. These skills are vitally important; yet, many individuals lack this basic knowledge and consequently are unable to meet their daily expenses. Whenever there is a discussion about financial literacy, the focus is on educated, urban people.

At Fusion, we understand the importance of financial literacy in a developing country like India, where the majority of the masses live in

rural India so that we can contribute to India's ambition of becoming an economic superpower in the coming years. Therefore, we took up various initiatives for financial literacy and disseminating knowledge about government initiatives to the rural folks.

'Fusion Sahayata Kendra' provided support to 3,614 people to benefit from E-shram, Ayushman Bharat, Income certificates, Aadhaar correction, Kisan samman nidhi, Pension schemes along with support for bank account openings, and applications for ATM cards.

People of rural India have always been apprehensive about anything that is even remotely digital and find it hard to accept the recent trends that have made the digital medium of financial transactions so popular. Understanding the need, we have implemented financial and digital literacy programs in 44 districts of 14 states covering 10,507 beneficiaries. Knowledge of financial management and digital payments is being imparted through the program.





14,121

Beneficiaries

49

Programs

14

States

Impact

68%

women keeping track of their expenses as compared to 30% before intervention.

57%

women saved their money in banks and 1% in SHGs and the remaining 43% kept their money at home.

41%

women know how to use an ATM card as compared to 21% in the baseline.

62%

people registered and benefited from 11 government schemes.





### Project Shiksha

Educating women help build a progressive family, society, and nation. An educated woman can help uplift so many lives. Therefore, we must empower women by building education and employment opportunities for them, thereby allowing them to live up to their

full potential and contribute to the welfare of the nation. Educated and skilled women workforce can participate in various economic activities that ultimately impact the country's economic growth and prosperity.

Through our Project Shiksha, we aim to increase the level of literacy among young girls to reduce the educational

gap between men and women. 58 meritorious girl students from Odisha, Haryana are being supported to complete their graduation. They received a scholarship amount of ₹12,000 each to continue their 2nd year of graduation. Counseling and mentoring sessions were organized for scholars. As an outcome of our initiative, students have got an average 63% marks in their first year of graduation.

58

Beneficiaries



3



Programs



Haryana & Odisha States





PROJECT	TESTIMONIAL	
<p><b>SHIKSHA</b> <i>Parent</i></p> 	<p><b>Parent:</b> CHARAN SINGH <b>Location:</b> Rewari, Haryana <b>Student:</b> Jyoti <b>Education:</b> B.A. (2nd Year)</p> <p>I am Charan Singh, a daily wage labourer from Rewari, Haryana. I have four children, and one of them is Jyoti, who is currently in her second year of college. She is an excellent student, but our financial situation has made supporting her education challenging. Just then, the Project Shiksha scholarship of Fusion Micro Finance presented an unforeseen opportunity for our family, and Jyoti was selected as a recipient. The scholarship of INR 12,000 covered her tuition fees, books, and other educational expenses, all of which have been a significant relief. We are grateful to Project Shiksha for providing this financial aid. My daughter can dream again, and we are proud of Jyoti's achievements.</p>	

PROJECT	TESTIMONIAL	
<p><b>SHIKSHA</b> <i>Student</i></p> 	<p><b>Student:</b> Navneet Kaur <b>Location:</b> Sirsa, Haryana <b>Education:</b> B.A. (2nd Year)</p> <p><b>D</b>espite my upbringing in a financially challenged family, where my father worked as a taxi driver, he consistently emphasized the importance of education. Despite the obstacles we encountered, I maintained my determination to pursue education and joined a B.A. program upon completing my schooling. Yet, the expenses of college quickly became a cause for concern for me and my parents.</p> <p>Fortunately, a friend informed me about Fusion's scholarship program. I received the scholarship after fulfilled the criteria and personal interview. The news that my exceptional academic performance had earned me this generous scholarship filled me with excitement. The scholarship not only alleviated my financial worries but also allowed me to concentrate more sincerely on my academic ambitions.</p> <p>I hold deep gratitude for the invaluable assistance provided by Fusion Micro Finance. Without it, affording my education and realizing my aspirations might have remained out of reach. I extend my heartfelt thanks to Fusion for making my educational dreams a reality.</p>	

PROJECT	TESTIMONIAL	
<p>FDLP PROJECT <b>BENEFICIARY</b></p> 	<p><b>Name:</b> PRIYA SINGH <b>Village:</b> Jamui, Bihar</p> <p><b>M</b>y name is Priya Singh, and I recently attended a financial literacy program from Fusion. I'm from Jamui, Bihar, and before attending the sessions in the program, I knew very little about budgeting and saving money. The session covered topics such as financial security from existing sources of income, avoiding over-indebtedness, and investing. The program was quite interactive overall.</p> <p>The program also taught me valuable lessons on managing finances and innovative methods to save money using one's current income. I'm now more confident in my ability to manage my money. I heartily thank and express earnest gratitude to Fusion for putting together such a beneficial program and assisting me in securing my financial future. I feel independent now.</p>	





### Stationery Distribution Program

Awareness programs were organized to sensitize the rural community about the importance of educating children, followed by the distribution of school bags and stationery to underprivileged children in Tamil Nadu and Karnataka.

450

Beneficiaries

3

Programs


2

States

30

Employee Participation



Stationery Distribution	
PROJECT	TESTIMONIAL
PROJECT BENEFICIARY	<p><b>Name:</b> MUTHULINGAM <b>Location:</b> Athikaratti, Coonor</p> <p><b>M</b>Y name is Muthulingam, mother of Teena. Teena is a student of class 2 in Government Elementary School- Athikaratti, Coonor. I have 2 daughters studying in school, and my husband being a daily wage labourer finds it difficult to arrange the school essentials for both our daughters. Our daughters have been always using the passed-down school stationaries and books of the neighbour's children.</p> <p>We are grateful for the new school supplies received from Fusion. When my daughter received a new school bag, her joy knew no bounds. As a mother, this joy is all I want to see. She is now so motivated to go to school and learn. I hope that Fusion will continue to lend a helping hand to needy people like us in the future as well. <i>Thank you!</i></p>
	



# Livelihood

**T**HE role of agriculture in India’s economic development continues to be of great importance as it is one of the primary livelihood activities of the nation. It provides employment opportunities to the rural agricultural as well as non-agricultural labourers.

Within agriculture, food grain production is, by and large, the major activity, covering about 80 per cent of the cropped area in India and providing the main staple source of food. Food grains provide almost all the calories and proteins consumed by the rural poor and in addition, provide the bulk of their employment and income.

Farming is the occupation for majority of rural Indians. Though agriculture forms the backbone of the economy, farmers still face many problems that not only affect them but everyone

because it is the farmers who bring food to our tables. At Fusion, we thought it was our responsibility to help these farmers in all ways, we could and accordingly, we launched a number of initiatives.

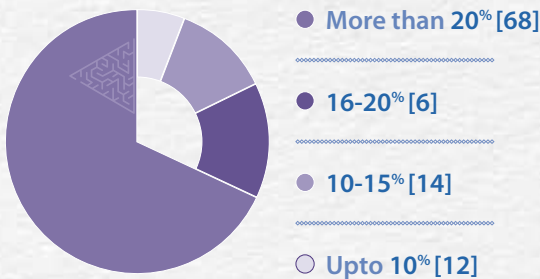
As a long-term program, Project Beej, we have provided 50kg of high-quality fertilizers, urea, and a 5kg mixture of sculpture & zinc to 100 farmers for the 2nd year of wheat farming in Bijnor (Uttar Pradesh) and Sagar (Madhya Pradesh) to augment production.

Workshops were organized for farmers

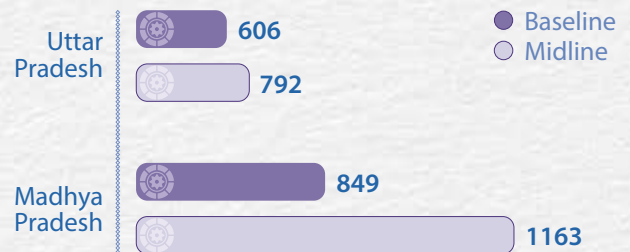
to educate them on sustainable farming techniques and the optimal use of fertilizers.

Inspired by Fusion’s initiative, the Agriculture Department of Sagar (Madhya Pradesh) supported 15 farmers with 75kg of pulses free of cost. Along with that, 20 women were trained in mushroom farming and support was provided to households for mushroom cultivation at home. The initiative has resulted in a total production of 436 kgs of button mushrooms, generating an additional income of ₹63,320.

Income of 68 farmers has increased by more than 20%



Overall, 35% increase in wheat production in the first year - 31% increase in UP, and 37% in MP  
Average increase in yield (in Kg)



100

Beneficiaries

2


Programs


Uttar Pradesh & Madhya Pradesh

States





PROJECT	TESTIMONIAL	
<p><b>BEEJ</b> <i>Agricultural Expert</i></p>	<p><b>Name:</b> MAYANK RAJPUT <b>Location:</b> Bijnor, Uttar Pradesh</p> <p>I am Mayak Rajput, an agriculture expert from AS Krishi Adhunik Company, Bijnor. I feel grateful to be associated with Project Beej, a CSR initiative by Fusion Micro Finance.</p> <p>As a resident of Haldor Janpad, Uttar Pradesh, I am well aware of the challenges that farmers in the region face. Through Project Beej, I have been able to provide timely knowledge about the latest farm technologies, optimum use of seeds and fertilizers, and other important aspects of agriculture.</p> <p>I am proud to say that farmers in the region have benefited greatly from the knowledge and expertise shared through the program. It is truly fulfilling to see them adopt these best practices and improve their crop yields and income.</p> <p>Working with Project Beej has been a meaningful experience for me. I have been able to make a real difference in the lives of farmers in my community. I am grateful for the opportunity to contribute to such a noble cause and I am confident that my work and Fusion's efforts will continue to have a positive impact in the years to come.</p>	

PROJECT	TESTIMONIAL	
<p><b>BEEJ</b> <i>Mushroom Farmer</i></p>	<p><b>Name:</b> MANJU DEVI <b>Village:</b> Bijnor, Uttar Pradesh</p> <p>I am Manju Devi, a resident of Kishanpur Bhogan in Bijnor, Uttar Pradesh. I have been associated with Fusion's Project Beej program for the last two years.</p> <p>Fusion supported me to start mushroom farming, a kind of activity that was previously unknown to me and my community. They educated me and provided the means to start mushroom farming. With their support, I have produced 150 Kg of mushrooms which have earned me a profit of around INR 30,000. I could now support my family in ways that were previously unthinkable.</p> <p>Fusion's close monitoring of my progress in mushroom farming has been invaluable. They ensured that I succeed. I am honored to have had their constant support and commitment for my success.</p>	





# Environment

In today's world, our lifestyles are such that they cause much damage to nature, which makes environmental protection extremely important as it helps to ensure that vital natural resources are available to us and our future generations, in the long term.

We have taken up several initiatives for environmental conservation. Plantation of 6,000 saplings was done across four villages including 5 schools, 3 Aganwadis, and 2 Panchayat offices and public areas of Haridwar (Uttarakhand) covering a total stretch of 16 km that will collectively benefit approx. 18,500 people.

The intervention will improve air quality, moderate the local climate and maintain the delicate balance of the ecosystem. The program has been implemented in collaboration with the Nagar Nigam who is now ensuring supervision to the planted saplings.







## TESTIMONIAL

SMT. AMARJEET KAUR

Assistant Municipal Commissioner, Haridwar



IT'S an honourable feat of Fusion Micro Finance to plant 1000 saplings in and around Haridwar, and we are deeply touched by their efforts. Haridwar's aesthetic value is now enhanced in its public areas, and people can now enjoy a breath of fresh air! Fusion has all our best wishes as they continue their social and environmental activities.

Plantation		
PROJECT	TESTIMONIAL	
PROJECT BENEFICIARY	<p><b>Name:</b> BABITA DEVI <b>Village:</b> Fatwa, Haridwar</p>	
	<p><b>M</b>Y name is Babita Devi, and I live in Fatwa Village. I am grateful to Fusion for providing me saplings, which I have planted in my courtyard.</p> <p>I have always wanted to plant fruit-bearing trees in my courtyard, but I never had the resources or knowledge to do so. Fusion's support has been invaluable in fulfilling my wish, and I am thrilled to see the saplings grow every day.</p> <p>I am grateful to Fusion for their support. It's a revelation how planting saplings can transform the atmosphere of the house.</p>	





# Sports

## Grant to GoSports Foundation

**A**CCORDING to the WHO, there is enough empirical evidence showing that sports provide a wide range of physical, social, and mental health benefits to people of all age groups including those with physical disabilities. It further helps in reducing addiction and violence and promoting social integration.

Sports can potentially play a significant role in a nation's economic progress and India is lagging behind in this. The government has certain limitations to promote adequate development in sports and therefore there's room for corporates to step in and improve the sports scenario in our country.

Fusion has been supporting female athletes strengthening their presence in sports and ensuing their representation in national and international sports competition. This grant was used to

train four female athletes associated with GoSports Foundation. Aruna Reddy in gymnastics, Devanshi Satija in para-swimming, Avantika Santosh Narale in athletics, and Namita Chandel in canoeing. These athletes have not allowed cultural biases to come in the way of their dreams and career. With their consistent dedication, they have established a promising career for themselves from the beginning and have placed our nation on the world map.

### Some of the recent key highlights are:

- In the Table Vault competition at the 50th FIG Artistic Gymnastics World Championship, Aruna ranked eleventh
- Devanshi earned three gold medals in the 22nd National Para Swimming Championship in

Guwahati, 2022 in the 100-meter butterfly, 100-meter freestyle, and 50-meter freestyle events

- Avantika won the Gold Medal at the 200M South Zone Inter University Tournament held in Chennai, India during 2022

In C2 (5000M) at the 32nd National Sprint Senior Men & Women, Bhopal, 2022, Namita took home the gold medal.



## Sports Activity



On Children's Day, a sport activity was organized involving 300 students at the government senior secondary school of Machhrauli village of Panipat, Haryana. It was the first time that the students got an opportunity to experience such cultural activity. The winning team was awarded trophies.

REFERENCE:

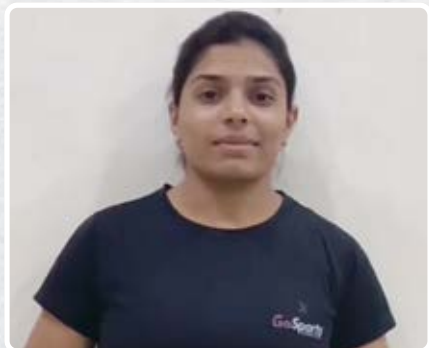
<https://thecsrjournal.in/csr-how-can-corporates-improve-the-sports-scenario-in-india/>



GoSports		
PROJECT	TESTIMONIAL	
PROJECT BENEFICIARY	<p><b>Name:</b> DEVANSHI <b>Profile:</b> Sportsperson</p> <p><b>M</b>Y name is Devanshi Satija. I am an international Para Swimmer. Through GoSports' Para Champions Program, I have received intervention support across physio sessions, mental conditioning sessions, and national and international competitions throughout my journey, all of which have helped me a lot in rehab and training. These efforts paid off when I won medals in the Para Swimming Nationals, 2022. Interacting with the Fusion Micro Finance team and sharing my experiences and achievements with them made me realize how committed they are. I felt validated. I would like to express heartfelt thanks to the Para Champions Program and Fusion Micro Finance for their support in helping me reach this level in my sporting journey.</p>	



GoSports		
PROJECT	TESTIMONIAL	
PROJECT BENEFICIARY	<p><b>Name:</b> ARUNA REDDY <b>Profile:</b> Sportsperson</p> <p><b>I</b>AM Aruna Reddy, an International Gymnast. I had an ACL injury that threatened to derail my career. Through the GoSports Foundation Rahul Dravid Athlete Mentorship Programme, I was able to get the ACL surgery and tests done and was able to get back on track. Their support was crucial; the track that began receding returned to me and expelled all my fears. I would like to thank the Rahul Dravid Athlete Mentorship Programme and Fusion Micro Finance for their continuous support in pursuing my dreams. I also had the opportunity to interact with the Fusion Micro Finance team members sharing my experiences with them. Without them, I wouldn't be back on track.</p>	



# Directors' Report

## Dear Members,

The Board of Directors are pleased to present the 29<sup>th</sup> Annual Report of your Company ("the Company" or "Fusion") along with the Audited Financial Statements, for the Financial Year ended March 31, 2023 ("Financial Statements").

## 1. FINANCIAL SUMMARY/STATE OF AFFAIRS

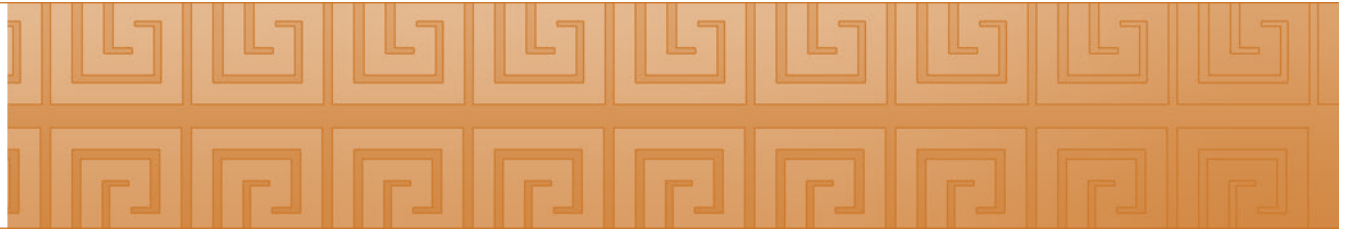
The financial statements of the Company for the year ended March 31, 2023 have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III to the Act, as amended from time to time and applicable guidelines issued by SEBI.

The financial results of the Company for the financial year ended March 31, 2023 is summarized below

(₹ in millions unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>		
Interest Income	16,001.03	10643.19
Fees and commission Income	195.81	13.86
Net gain on fair value changes	253.81	247.65
Net gain on derecognition of financial instruments under amortized cost category	968.58	607.95
<b>Total Revenue from operations</b>	<b>17,419.23</b>	<b>11512.65</b>
Other Income	580.47	500.84
<b>Total Income</b>	<b>17,999.70</b>	<b>12013.49</b>
<b>Expenses</b>		
Finance Costs	6,427.77	4959.64
Impairment on financial instruments	2,003.69	3686.93
Employee benefits expenses	3,255.24	2330.66
Depreciation and amortization	74.05	53.71
Other expenses	1,119.11	738.29
<b>Total Expenses</b>	<b>12,879.86</b>	<b>11769.23</b>
<b>Profit before tax</b>	<b>5,119.84</b>	<b>244.26</b>
<b>Tax Expense:</b>		
Current Tax	1,106.06	129.77
Deferred Tax	142.33	(103.06)
<b>Profit for the year</b>	<b>3,871.45</b>	<b>217.55</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified subsequently to profit or Loss</b>		
Re-measurement gains/(loss) on defined benefit plans	4.19	2.96
Income tax effect	(1.06)	(0.74)
<b>Total Other Comprehensive Income for the year</b>	<b>3.13</b>	<b>2.22</b>
<b>Total Comprehensive Income for the year</b>	<b>3,874.58</b>	<b>219.77</b>





During the current financial year, the Total Income from operations grew by 51.3% to ₹ 1741.92 Cr which is mainly due to an increase in the Asset Under Management ('AUM') of your Company and the Profit before tax grew by 20 times to ₹ 511.98 Cr. The improvement in the financial performance of your company is on account of business growth recorded during the year.

## 2. OPERATIONAL PERFORMANCE

Operational performance of the Company for the financial year ended March 31, 2023 is summarized below:

Particulars	FY March 31, 2023	FY March 31, 2022	Increase over % FY -2022-23
Number of Branches	1,086	934	16.27%
Number of Members	35,28,107	27,23,449	29.55%
Number of employees	10,363	8,716	18.90%
Number of States	20	18	11.11%
Amount Disbursed (₹ In Crore)	8,596	6,180	39.10%
Gross Loan Portfolio (₹ In Crore)	9,296	6,786	36.99%

The Company attained business performance by reaching out to 35,28,107 active loan clients as on March 31, 2023 which has grown from 27,23,449 as on March 31, 2022. The growth in active loan clients during the year was 29.55%.

The above was possible with excellent efforts of 10,363 employees of the Company as on March 31, 2023 which was 8,716 as on March 31, 2022, through 1086 Branches, across 20 states and 398 districts in India. During the year under review, the Company opened 154 new branches.

The Company already has borrowing arrangement with large number of lenders and has started association with a few more institutions to diversify its sources of borrowing.

## 3. LISTING OF EQUITY SHARES OF THE COMPANY ON STOCK EXCHANGE(S).

The Company made its Initial Public Offer ("IPO") of 29,999,813 Equity Shares of face value of ₹10 each ("Equity Shares") of the Company for cash at a Price of ₹368 per Equity Share (Including a Share Premium of ₹358 per Equity Share) aggregating to ₹11,039.93 million ("Offer"), comprising a fresh issue of 16,304,347

Equity Shares aggregating to ₹6,000.00 million ("Fresh Issue") and an offer for sale of 13,695,466 Equity Shares aggregating to ₹5039.93 million ("Offer for Sale"). The IPO oversubscribed by 2.95 times (excluding Anchor Portion), even in volatile and difficult market conditions.

Consequently, the paid-up share capital of the Company increased from 84,326,388 equity shares of ₹10/- each to 100,630,735 equity shares of ₹10/- each.

The Equity Shares of your Company were successfully listed on both BSE and NSE with effect from November 15, 2022.

During the year under review, the IPO proceeds were utilised as per the objects stated in the prospectus of the Company and pursuant to Regulation 32 of the SEBI Listing Regulations there were no instances of deviation(s) or variation(s) in the utilization of proceeds as mentioned in the objects stated in the Prospectus dated November 7, 2022, in respect of the Initial Public Offering of the Company. The Company has obtained Monitoring Agency Reports from CARE Ratings Limited ("Monitoring Agency") in terms of Regulation 41 of the Securities & Exchange Board of

India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended from time to time, for the quarter ended December 31, 2022 and March 31, 2023, to monitor the utilisation of IPO proceeds.

The Company has submitted the statement(s) and report as required under Regulation 32 of the SEBI Listing Regulations to both the exchanges where the shares of the Company are listed, namely, National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on timely basis.

The Directors wish to place on record their gratitude for the trust, faith, and confidence reposed by the public, institutions, borrowers, and business partners in the Company even during the challenging environment; thus making the IPO successful. The Directors also place on record their deep appreciation for the significant contribution and sincere efforts made in the IPO process by the Book Running Lead Managers, all legal counsels to the offer, Statutory Auditors of the Company, Registrar to the Offer, Advertising Agency, Syndicate Members, Monitoring Agency, Bankers to the Offer, Reserve Bank of India (RBI), Registrar of Companies-New Delhi, Stock Exchanges, Management Team and Employees of the Company.

#### 4. CASH FLOW STATEMENT

The Cash Flow Statement for the year ended on March 31, 2023 prepared under the provisions of the Companies Act, 2013 ("the Act") is attached as a part of the Financial Statements of the Company.

#### 5. ANNUAL RETURN

Pursuant to sub-section (3)(a) of Section 134 and sub-section (3) of Section 92 of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of the Annual Return as at March 31, 2023 is available on the website of the company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

#### 6. DEPOSITS

The Company is a non-deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI) and has not accepted any public deposits within the ambit of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or Section 73 of the Act read with Companies (Acceptance of Deposits) Rules, 2014 further the company continues to be a non-deposit taking Non-Banking Financial Company in conformity with the guidelines of the RBI.

#### 7. TRANSFER TO RESERVES

During the FY' 23, your Company has transferred ₹774.29 Million to the statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

#### 8. DIVIDEND

The Board of Directors aims to grow the business of the Company and enhance the rate of return on investments of the shareholders. With a view to financing the long-term growth plans of the Company that require substantial resources despite having sufficient distributable profits, the Board of Directors do not recommend any dividend for the year under review.

The Dividend Distribution Policy is available on the website of the Company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)

#### 9. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125 of the Act, unclaimed dividends are required to be transferred to the Investors Education and Protection Fund. There was no dividend declared in the last Seven (7) years and year under review and hence, there is no requirement of transferring the same to the Investors Education and Protection Fund for the year under the review.

#### 10. SCALE BASED REGULATIONS

With reference to the RBI circular dated October 22, 2021 on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" ('SBR Framework'), the NBFCs are categorised into four layers, NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL) based on their size, activity, and perceived riskiness. Accordingly, the company is categorised as an NBFC – Middle Layer (NBFC-ML) and is in compliance with the applicable regulations.

#### 11. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2022-23, the Board met 9 (Nine) times and details related to the board meetings of the Company are mentioned in the Corporate Governance Report annexed as "ANNEXURE -1", which forms part of this report. The intervening gap between the Board Meetings was within the period prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

#### 12. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business during the financial year ended March 31, 2023.

#### 13. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

##### a. Changes in Directors and KMPs during the FY 2022-23

There were no changes in the Directors and KMP(s) of the Company during the year under review.

##### b. Reappointment of Independent Directors

The shareholders in the Extra Ordinary General Meeting

("EGM") of the Company held on February 16, 2023 had re-appointed Ms. Namrata Kaul & Ms. Ratna Dharashree Vishwanathan as Independent Directors of the Company w.e.f. February 18, 2023 for a period of five (5) years and May 24, 2023 for a period of three (3) years, respectively.

**c. Woman Director**

In terms of the provisions of Section 149 of the Companies Act, 2013, and Regulation 17(1)(a) of the SEBI (LODR) Regulations 2015, the Company shall have at least one Woman Director on the Board. Accordingly, the Company has Ms. Namrata Kaul & Ms. Ratna Dharashree Vishwanathan as Independent Woman Directors on the Board.

**d. Director retiring by rotation**

Mr. Kenneth Dan Vander Weele (DIN: 02545813) shall retire by rotation in terms of provisions of the Companies Act, 2013 at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment. The Board recommends his reappointment. As stipulated under Reg 36 (3) of the SEBI (LODR) Regulations 2015, a brief resume of Mr. Kenneth Dan Vander Weele proposed to be reappointed is given in notice of the 29<sup>th</sup> AGM of the Company.

**e. Key Managerial Personnel (KMP)**

As per the provisions of the Act, Mr. Devesh Sachdev, Managing Director & Chief Executive Officer, Mr. Gaurav Maheshwari, Chief Financial Officer and Mr. Deepak Madaan, Company Secretary & Chief Compliance Officer are the KMPs of the Company.

**14. DECLARATION OF INDEPENDENCE**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and provisions of SEBI Listing Regulations and based on the declarations received from the Independent directors, the Board of directors are of the opinion that the directors have the requisite integrity, expertise and experience including the proficiency to be the independent directors of the Company.

**15. CREDIT RATING**

CARE Advisory Research and Training Ltd has assigned Grading of "MF1 1"; CARE Rating Limited has assigned Rating of 'A' Outlook Stable on the Long-Term Bank Facilities (amounting to ₹1,500.00 Cr) and on Non-Convertible Debentures. The Company has also been assigned rating as 'A' Outlook Stable by CRISIL on the Long-Term Bank Facilities (amounting to ₹5,000.00 Cr) and rating of 'A' Outlook Stable by ICRA on Non-Convertible Debentures.

**16. CAPITAL ADEQUACY**

The Capital Adequacy Ratio of the company was 27.94% as on March 31, 2023, as against the minimum capital adequacy requirements of 15% by Reserve Bank of India ("RBI").

**17. FAIR PRACTICE CODE**

The Company has in place a Fair Practice Code (FPC) approved by the Board in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

**18. CUSTOMER GRIEVANCES**

The Company has a dedicated Customer Grievance team for receiving and handling customer complaints/ grievances and ensuring that the customers are treated fairly and without any bias at all times. All issues raised by the customers are dealt with courtesy and redressed expeditiously.

**19. RESOURCE MOBILIZATION**

**a) Term Loan / Sub debt / Refinance**

During FY'23, the Company diversified its sources of funds and raised a sum of ₹5,015.00 Crore (Inclusive of Term Loan of ₹4,915.00 Crore, and Refinance term loan of ₹100.00 Crore).

**b) Secured / Unsecured Non-convertible debentures**

During FY'23, the Company raised the amount of ₹180.00 Crore by way of issuance of unsecured Non-Convertible Debentures and secured Non-Convertible Debentures.

**c) Direct Assignment**

During FY'23, your Company raised resources to the extent of ₹1226.44 Crore through Direct Assignment.

**20. SHARE CAPITAL**

The Issued and paid-up Equity Share Capital of the Company as on March 31, 2023, stood at ₹1,006,307,350 (Rupees One Hundred Crore Sixty Three Lakh Seven Thousand Three Hundred Fifty only) consisting of 100,630,735 (Ten Crore Six Lakh Thirty Thousand Seven Hundred Thirty Five) Equity Shares of ₹10/- each as compared to ₹843,263,880 (Rupees Eighty Four Crores Thirty Two Lakh Sixty Three Thousand Eight Hundred and Eighty only) consisting of 84,326,388 (Eight Crore Forty Three Lakh Twenty Six Thousand Three Hundred Eighty Eight) Equity Shares of ₹10/- each in the previous year ended March 31, 2022.

The Issued and Paid-up Equity Share Capital of the Company has been increased in the FY ended March 31, 2023, on account of



fresh issue and allotment of 16,304,347 Equity Shares of ₹10/- each by way of Initial Public Offer (IPO).

### 21. NON CONVERTIBLE DEBENTURES

During FY' 23, the Company has raised the amount of ₹35.00 Crore and ₹145.00 Crore by way of issuance of unsecured Non-Convertible Debenture and secured Non-Convertible Debenture respectively. The total fully redeemed amount of NCDs ₹340.10 Crores. The outstanding NCDs including subordinated liabilities in form of NCDs as on March 31, 2023 was ₹711.79 Crores.

### 22. EMPLOYEE STOCK OPTION SCHEME

To reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company, the Company has two (2) stock option plans namely Fusion Employee Stock Option Plan 2016 ("ESOP 2016") and Fusion Employee Stock Option Plan 2023 ("ESOP 2023") as on March 31, 2023.

In terms of Regulation 12(1) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended ("SEBI (SBEB & SE) Regulations"), no company shall make any fresh grant which involves allotment of shares to its employees under any Plans/ Plans formulated prior to its Initial Public Offering ("IPO") and prior to the listing of its equity shares ('Pre-IPO Plan/ Plan') unless: (i) such Pre-IPO Plan/ Plan is in conformity with the SEBI (SBEB & SE) Regulations; and (ii) Such Pre-IPO Plan/ Plan is ratified by its shareholders subsequent to the IPO.

Therefore, in accordance with the above provisions of the SEBI (SBEB & SE) Regulations, the members of the company approved the ratification of Fusion Employee Stock Option Plan 2016 ("ESOP 2016") by way of special resolution passed through Postal Ballot, only by remote e-voting process on March 26, 2023 in order to align the same with SEBI (SBEB & SE) Regulations.

In addition, the members approved the following:

- (a) Institution of Fusion Employee Stock Option Plan 2023 ("ESOP 2023").
- (b) Winding up of Fusion Micro Finance Limited Employee Stock Option Plan 2014, after transfer of remaining shares under ESOP PAN 2014, if any, to ESOP PLAN 2023

Both the schemes i.e. ESOP 2016 and ESOP 2023 are in compliance with SEBI (SBEB & SE) Regulations.

Further, a statement giving complete details, as at 31 March 2023, under regulation 14 of the SEBI (SBEB & SE) Regulations, is available on the website of the Company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

### 23. COMMITTEES DETAILS

As on March 31, 2023, the Company has 10 committees which govern and oversee different areas of the Company's operations ensuring regular guidance and monitoring.

For further details, please refer to Corporate Governance Report, which forms part of Directors' Report.

### 24. RELATED PARTY TRANSACTIONS

During the FY'23, there were no material related party transactions entered by the Company that were required to be disclosed in form AOC-2. The details of the related party transactions are provided in the notes to the Financial Statements.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company i.e. [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

### 25. AUDITOR'S AND AUDITORS' REPORT

#### STATUTORY AUDITOR

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder and RBI notification no. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, M/s Deloitte Haskins and Sells, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office for a period of three years from the conclusion of the Twenty – Eight Annual General Meeting till the conclusion of the Thirty First Annual General Meeting of the Company to be held in the financial year 2025-26.

The Auditors' Reports for the financial year 2022-23 do not contain any qualification or reservation or adverse remark. The Notes on the Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

During the year, no incidence of fraud as defined under Section 143(12) of the Companies Act, 2013, which is required to be disclosed under Section 134(3) (ca) of the Companies Act, 2013, has been reported by the Auditors to the Board of directors of the Company.

#### SECRETARIAL AUDITOR

As required under Section 204 of the Act and the Rules made thereunder, M/s. Harish Popli & Associates was appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2023.

The Secretarial Audit Report for Financial Year ended on March 31, 2023 does not contain any qualification, reservation, adverse remark or disclaimer and forming the part of Board Report as "Annexure – 2".

## 26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company, being an NBFC registered with the RBI and engaged in the business of giving loans in ordinary course of its business, is exempt from complying with the provisions of section 186 of the Act with respect to loans, guarantees and investments.

## 27. NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178 of the Act read with applicable rules thereunder, and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the RBI master circulars, the Board of directors has approved the Nomination and Remuneration Policy ("NRC Policy") of the company.

The NRC Policy is directed towards a structure that provides adequate rewards and compensation to the employees at all level. This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel (KMPs) and other employees.

The NRC Policy of the Company is available on our website at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

## 28. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

Between the end of the financial year and date of the report, the company have allotted 3,93,150 equity shares to the Fusion Employees Benefit Trust, which resulted into increase of paid-up capital of the company from 10,06,30,735 fully paid equity shares having face value of ₹10/- each, to 10,10,23,885 fully paid equity shares having face value of ₹10/- each.

## 29. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### a. Information Relating to Conservation of Energy, Technology Absorption

The operations of our Company are not energy-intensive. The Company has, however, used information technology extensively in its operations and continuously invests in energy-efficient office equipment at all office locations.

### b. Foreign Exchange Earnings and Outgo

There have not been any foreign exchange inflow (Million) while outgo during the year under review is ₹118.23 Million

towards Interest Payment on ECB, IPO related Expenses & other operating expenses.

## 30. RISK MANAGEMENT

Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation, and monitoring of the Credit, Market, liquidity, Operational, compliance risks to achieving our key business objectives. ERM at Fusion seeks to minimize the adverse impact of these risks, thus enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage.

The Board of Directors of the Company has formed a Board Risk Management Committee ("BRMC") to frame, implement, and monitor the enterprise risk management plan for the Company.

The BRMC is responsible for reviewing the enterprise risk management plan, ensuring its effectiveness, and verifying adherence to various risk parameters. The Company's Enterprise Risk Management strategy is based on clear understanding of various risks, disciplined Enterprise risk assessment and continuous monitoring. The BRMC reviews various risks with which the organization is exposed including Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis Report attached as "ANNEXURE 3".

## 31. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company strives to meet its commitment towards the community by committing its resources and energies to social development. The CSR Committee of your Company has formulated a CSR Policy which describes the multiple lines around which the CSR activities of the Company are positioned being education and skills development, social and economic welfare, environmental sustainability and such other activities included in Schedule VII of the Act as may be identified by the CSR Committee from time to time.

The Policy is available on the website of the company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

Further, the composition of the CSR Committee, terms of reference of the committee and the details of meetings attended by the Committee members are provided in Corporate Governance Report attached as "ANNEXURE 1".

The Annual Report on the CSR activities for the financial year 2022-23 containing salient features of CSR Policy and other relevant details is attached as "ANNEXURE 4" to this Report.

### 32. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

The Business Responsibility & Sustainability Report for the year under review has been annexed as "ANNEXURE 5" to this Report.

### 33. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In compliance with the Companies Act, 2013, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements, Regulations, 2015, an annual performance evaluation for the FY 2022-23 has been carried out to assess the performance of the Board as a whole, Committees of the Board, the Individual Directors both Executive and Non-Executive including the Independent Directors. The evaluation was done using individual questionnaires. As part of the evaluation process, the performance evaluation of Board as a whole was done by the Directors of the Board. The performance evaluation of the Promoter Director, Nominee Directors and Non-Independent directors was done by every other Director. The performance evaluation of the Independent Directors was done by the Board excluding the Director being evaluated. The Directors expressed satisfaction with the evaluation process.

### 34. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Vigil Mechanism system/Whistle Blower Policy has been established with a view to provide a tool to directors and employees of the Company to report to the management genuine concerns including unethical behavior, actual or suspected fraud. The Policy provides adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism. The Company has not received any reference under the said policy during the year.

The Company has formulated a codified Vigil Mechanism System/Whistle-Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, 2015, in order to encourage Directors and Employees of the Company to escalate to the level of the Audit Committee any issue or concerns impacting and compromising with the interest of your Company and its stakeholders in any way. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The Company has not received any reference under the said policy during the year.

The said Policy is available on the Company's website at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

### 35. AUDIT COMMITTEE

The Company has an Audit Committee constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, RBI Guidelines and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The composition of the Audit Committee and the details of meetings attended by the Committee members are provided in Corporate Governance Report attached as "ANNEXURE 1".

### 36. CODE OF CONDUCT FOR INSIDER TRADING

The Company has duly formulated and adopted the Code of Conduct for Prohibition of Insider Trading in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of this Code is to regulate, monitor and report the trading in the Company's shares by the designated persons of the Company. The Code of Conduct for Prohibition of Insider Trading is available on the website of the Company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

### 37. RBI OMBUDSMAN

The company has a dedicated team which deals with the concerns or complaints raised by the customers. Further, in accordance with the RBI Circular dated November 15, 2021 on "Appointment of Internal Ombudsman by Non-Banking Financial Companies (NBFCs)" the Company has an Internal Ombudsman (IO) being the apex of the grievance redressal mechanism of the Company. The IO deals with the complaints of its customers which are partly or wholly rejected by the Company.

In addition, the Company has a system of periodic reporting of the information to RBI as per the prescribed guidelines.

### 38. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiary/joint venture/ associate company and hence consolidation and the provisions relating to the same under the Companies Act, 2013 and rules made thereunder are not applicable to the Company.


### 39. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the FY' 23, there are no such orders passed by the regulators/courts/ tribunals impacting the going concern status and the Company's operations in future.

### 40. INTERNAL FINANCIAL CONTROLS

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has





implemented a robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle blower mechanism. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. During the year, controls were tested and no reportable material weakness in design and effectiveness was observed.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting. Also, the Audit Committee at frequent intervals has independent sessions with the management to discuss the adequacy and effectiveness of internal financial controls.

#### **41. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As per requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization.

Further, the Company has the Internal Complaint Committee in place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to address the sexual harassment cases. However, no complaints were received during the period under review.

#### **42. CORPORATE GOVERNANCE**

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders and the community at large. Sound governance practices and responsible corporate behavior

contribute to superior long-term performance of organisations. Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards.

The Company's corporate governance framework ensures that it is aligned to good corporate governance philosophy and that timely disclosures are made and accurate information regarding the financials and performance is shared, as well as the leadership and governance of the Company. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders.

A detailed report on the Company's commitment at adopting good Corporate Governance Practices is enclosed as "ANNEXURE 1".

#### **43. MANAGERIAL REMUNERATION**

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) thereof for the time being in force, the details of remuneration etc. of Directors, Key Managerial Personnel and employees covered under the said Rules is attached as "ANNEXURE 6" which forms part of this report.

#### **44. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Act the Directors of the Company hereby state and confirm that:

- a. In the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profits of the Company for year ended on that date;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going concern basis;

- e. The directors had laid down internal financial controls to be followed by the company, and that such internal financial controls are adequate and were operating effectively.
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 45. RBI GUIDELINES

The Company is registered with the Reserve Bank of India as a NBFC within the provisions of the NBFC (Reserve Bank of India) Directions, 1998. The Company continues to comply with all the requirements prescribed by the Reserve Bank of India as applicable to it, from time to time.

#### 46. DISCLOSURE IN ACCORDANCE WITH REGULATION 30A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

No such agreements as specified under clause 5A to para A of part A of schedule II, are required to be disclosed in accordance with Regulation 30A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in the FY'2023.

#### 47. Additional Disclosure in term of RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022

##### A) Exposure

##### 1) Exposure to real estate sector

The Company does not have any exposure to real estate sector as on March 31, 2023 (March 31, 2022 : Nil)

##### 2) Exposure to capital market

The Company does not have any exposure to capital market as on March 31, 2023 (March 31, 2022 : Nil)

##### 3) Sectoral Exposure #

₹ in Millions unless otherwise stated

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that Sector	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that Sector
<b>1. Agriculture &amp; Allied Activities</b>	<b>74,601.24</b>	<b>1,930.36</b>	<b>2.59%</b>	<b>52,004.12</b>	<b>1,953.18</b>	<b>3.76%</b>
<b>2. Industry</b>						
i) Product Manufacturers	7,907.42	407.75	5.16%	7,490.57	642.15	8.57%
<b>Total</b>	<b>7,907.42</b>	<b>407.75</b>	<b>5.16%</b>	<b>7,490.57</b>	<b>642.15</b>	<b>8.57%</b>
<b>3. Service</b>						
i) Others (Micro activities & essential services)	3,126.54	182.72	5.84%	3,493.23	317.62	9.09%
<b>Total</b>	<b>3,126.54</b>	<b>182.72</b>	<b>5.84%</b>	<b>3,493.23</b>	<b>317.62</b>	<b>9.09%</b>
<b>4. Personal Loans</b>						
i) Other Loans for Business Purposes	7,326.98	205.70	2.81%	4,871.78	232.76	4.78%
<b>Total</b>	<b>7,326.98</b>	<b>205.70</b>	<b>2.81%</b>	<b>4,871.78</b>	<b>232.76</b>	<b>4.78%</b>
<b>5. Others, if any (please specify)</b>	-	-	-	-	-	-

# This disclosure is prepared based on the principal outstanding as at reporting date.

##### 4) Intra-group exposures

The company does not have intra-group exposure as on March 31, 2023 (March 31, 2022 : Nil)

### 5) Unhedged foreign currency exposure

The company does not have unhedged foreign currency exposure as on March 31, 2023 (March 31, 2022 : NIL)

### B) Related Party Disclosure

₹ in Millions unless otherwise stated

Particulars	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Directors		Entities under Common Controlling Interest		Gratuity Trust		Total		
	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	
Borrowings :																	
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	478.22	244.47	-	-	478.22	244.47	
Maximum during the year	-	-	-	-	-	-	-	-	-	-	595.25	250.00	-	-	595.25	250.00	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments :																	
Balance at the year end	-	-	-	-	-	-	-	-	-	-	-	-	105.30	91.30	105.30	91.30	
Maximum during the year	-	-	-	-	-	-	-	-	-	-	-	-	105.30	91.30	105.30	91.30	
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	66.26	-	-	-	66.26	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	-	-	65.43	50.39	-	-	-	-	-	-	65.43	50.39	-
Amount received for partly-paid shares	-	-	-	-	-	-	641.51	-	-	-	-	-	-	-	641.51	-	-
Others :																	
Sitting Fees	-	-	-	-	-	-	-	-	4.40	3.89	-	-	-	-	4.40	3.89	-
Reimbursement of travelling expenses	-	-	-	-	-	-	-	-	0.23	0.03	-	-	-	-	0.23	0.03	-
Loan Processing Fees	-	-	-	-	-	-	-	-	-	-	-	3.75	-	-	-	-	3.75



**C) Disclosure of Complaints****1) Summary Information on complaints received from the customers and from the office of ombudsman**

S. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A) Complaint received from Customers</b>			
1	No. of Complaints pending at the beginning of the year	21	14
2	No. of Complaints received during the year	1886	1214
3	No. of Complaints disposed during the year	1846	1207
3.1	out of 3, no. of complaints rejected by the company	126	119
4	No. of Complaints pending at the end of the year	61	21
<b>B) Maintainable Complaint received from the office of ombudsman</b>			
1	No. of maintainable received by the company from the office of ombudsman	20	Nil
1.1	of which, no. of complaints resolved in the favor of company	20	Nil
1.2	of which, no. of complaints resolved through conciliation/ mediation/ advisories issued by the office of ombudsman	Nil	Nil
1.3	of which, no. of complaints resolved after passing awards by the office of ombudsman against company	Nil	Nil
2	No. of Awards unimplemented within stipulated time (other than those appealed)	Nil	Nil

**2) Top five grounds of complaints received from the customer**

S. No.	Ground of Complaints	No. of Complaints pending at the beginning of the year	No. of Complaints received during the year	% increase/ (decrease) in no. of Complaint received from previous year	No. of Complaints pending at the end of the year	No. of Complaints pending beyond 30 Days
<b>For the year ended 31 March, 2023</b>						
1	Contact Details rectification	1	876	87.18%	11	Nil
2	Loan & Advances	11	514	48.99%	37	7
3	Insurance	4	308	30.51%	6	Nil
4	Staff Behaviour	1	63	18.87%	4	Nil
5	Credit Bureau related	4	56	-16.42%	2	Nil
<b>For the year ended 31 March, 2022</b>						
1	Contact Details rectification	0	468	721.05%	1	Nil
2	Loan & Advances	12	345	18.56%	11	1
3	Insurance	0	236	-25.08%	4	Nil
4	Staff Behaviour	1	53	8.16%	1	Nil
5	Credit Bureau related	1	67	116.13%	4	Nil

**D) Breach of Covenant**

There was no breach of covenant of loans availed or debt securities issued by the company as on March 31, 2023. (March 31, 2022 : Nil)

**E) Divergence in Asset Classification and Provisioning**

There was no instances of divergence in Assets Classification and Provisioning norms identified by RBI for the year ended March 31, 2023. (March 31, 2022 : Nil)

#### 48. LISTING

Some series of NCD's issued by the Company are listed on BSE Limited ("BSE"). Further, the equity shares of the Company are also listed on BSE & NSE. The listing fees to BSE & NSE for the financial year 2023-24 has been duly paid.

#### 49. MAINTENANCE OF COST RECORDS

The provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 relating to Cost Audit and maintaining cost audit records is not applicable to the Company.

#### 50. SECRETARIAL STANDARDS

The Company has duly complied with the applicable provisions of Secretarial Standard – 1 on meetings of Board of Directors and Secretarial Standard–2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI").

#### 51. INSOLVENCY PROCEEDINGS

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

52. The Company has not entered into one time settlement with any of the banks or financial institutions.

#### 53. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts 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 could influence the Company's operations include global and domestic demand and supply conditions, changes in Government Regulations, Tax Laws, Economic Developments within the country and other factors such as litigation and industrial relations.

#### 54. ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their deep and sincere gratitude for the support and co-operation from the Borrowers, Banks, Financial Institutions, Investors, and Employees of the Company, for their consistent support and encouragement to the Company. Your Directors also place on record their sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company and thank them for yet another excellent year. Their dedication and competence have ensured that the Company continues to be a significant player in the Micro finance industry.

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Sd/-  
**Devesh Sachdev**  
(MD & CEO)  
DIN: 02547111

Sd/-  
**Ratna Dharashree Vishwanathan**  
(Director)  
DIN: 07278291

Place: Gurugram  
Dated: August 02, 2023

## Corporate Governance Report

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the applicable SEBI Regulations and the RBI Regulations applicable on the Non-Banking Financial Companies (the 'NBFC Regulations'). The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Conduct for the Board of Directors and the Senior Management of the Company.

The Company believes that Corporate Governance is a tool to generate long term wealth and create values for all its stakeholders. The Company follows highest standards of Corporate Governance Practices which are driven by timely disclosures, transparent corporate policies and high levels of integrity in decision making. Over the years, we have strengthened governance practices.

A detailed report on the Company's commitment at adopting good Corporate Governance Practices is shared below -

### BOARD OF DIRECTORS :

The Corporate Governance framework of the Company is based on an effective Board with Independent Directors, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees for various functions including those as required under the law. We believe that an active and well-informed Board is necessary to ensure the highest standards of Corporate Governance.

The composition of the Board of Directors of the Company is in conformity with Regulations 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which stipulates that the Board should have an optimum combination of executive and non-executive directors.

In terms of the provisions of Schedule V of the Listing Regulations, M/s. Harish Popli & Associates, Company Secretaries has issued a certificate confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. The said certificate is enclosed with this section.

The Board composition as on March 31, 2023 is as follow:

Name of Director and Director identification number	Category of Directors	Designation	Whether last AGM attended	No of other Companies in which he/she is Director	*No. of committees in which director is		Particulars of Equity Listed Entity Directorship
					Member	Chairman /Chairperson	
Mr. Devesh Sachdev DIN: 02547111	Promoter and Executive	Managing Director & CEO	Yes	1	1	-	Nil
Ms. Ratna Dharashree Vishwanathan DIN: 07278291	Non-Executive	Independent Director	Yes	5	4	3	1. Moneyboxx Finance Limited- Independent Director 2. Dilip Buildcon Limited- Independent Director



Name of Director and Director identification number	Category of Directors	Designation	Whether last AGM attended	No of other Companies in which he/she is Director	*No. of committees in which director is		Particulars of Equity Listed Entity Directorship
					Member	Chairman /Chairperson	
Ms. Namrata Kaul DIN: 00994532	Non-Executive	Independent Director	Yes	10	9	4	<ol style="list-style-type: none"> <li>Havells India Limited – Independent Director</li> <li>Schneider Electric Infrastructure Limited – Independent Director</li> <li>Prime Securities Limited – Independent Director</li> </ol>
Mr. Pankaj Vaish DIN: 00367424	Non-Executive	Independent Director	No	4	6	-	<ol style="list-style-type: none"> <li>360 One Wam Limited – Independent Director</li> <li>Krishna Institute of Medical Sciences Limited – Independent Director</li> <li>Xchanging Solutions Limited</li> </ol>
Mr. Kenneth Dan Vander Weele DIN: 02545813	Non-Executive	Nominee Director on behalf of Creation Investments	No	-	-	-	Nil
Mr. Narendra Ostawal DIN: 06530414	Non-Executive	Nominee Director on behalf of Honey Rose Investment Ltd	No	6	5	-	<ol style="list-style-type: none"> <li>Computer Age Management Service Limited – Nominee Director</li> <li>Home First Finance Company India Limited - Nominee Director</li> </ol>

\*The membership/chairmanship of Audit Committee & Stakeholders Relationship Committee in listed entity including company is being considered.

### FIT AND PROPER CRITERIA

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time of their appointment/re-appointment and on a continuous basis as prescribed under the RBI Master Directions.

### INTER-SE RELATIONSHIP AMONG DIRECTORS

There are no inter-se relationships between the Board of Directors of the Company and none of the Non-Executive Directors holds any equity shares or convertible instruments of the Company, except Ms. Namrata Kaul (DIN: 00994532) who holds 3000 equity shares as joint holder, during the financial year ended March 31, 2023.

Further, Mr. Devesh Sachdev, Executive Director-MD & CEO holds 49,02,414 equity shares of the company as on March 31, 2023.

### KEY QUALIFICATION, EXPERTISE AND ATTRIBUTES OF BOARD

The Executive, Non-Executive and Independent Directors are eminent professionals, drawn from amongst persons with expertise in business, finance, law, marketing and other key functional areas and play a critical role in enhancing balance to the Board processes besides providing the Board with valuable inputs. The Board represents an optimal mix of professionalism, knowledge and experience. The skills/ expertise / competence of Board of directors identified by the Board as required in the context of business of the Company are given below:

Skill and Expertise	Mr. Devesh Sachdev	Mr. Kenneth Dan Vander Weele	Mr. Narendra Ostawal	Ms. Ratna Dharashree Vishwanathan	Ms. Namrata Kaul	Mr. Panjak Vaish
Banking Operations	✓	✓			✓	✓
Audit & Financial Statements	✓	✓	✓	✓	✓	✓
Financing		✓	✓	✓	✓	✓
Investment		✓	✓		✓	✓
Risk Management				✓	✓	✓
Entrepreneurship	✓	✓				✓
Micro-Finance	✓	✓		✓	✓	
Management	✓	✓	✓	✓	✓	✓
Information Technology	✓			✓	✓	✓
Human Resource Development	✓			✓		✓

### DECLARATION BY INDEPENDENT DIRECTORS

During the year under review, all Independent Directors have confirmed and submitted declaration to the effect that they meet the criteria of independence as laid down under Companies Act, 2013 ("Act") & in Listing Regulations and the same was taken on records after undertaking due assessment of the veracity.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Regulations and are Independent of the Management.

### DIRECTORS AND OFFICERS LIABILITY INSURANCE ("D&O POLICY")

The Company has in place a D&O policy which is renewed every year. The management is of the opinion that the quantum and risk presently covered is adequate.

### BOARD & ITS COMMITTEE MEETINGS:

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served. The Company's internal guidelines for Board / Committee meetings facilitate decision-making process at its meetings in an informed and efficient manner.

During the Financial Year 2022-23, the board met 9 (Nine) times i.e. on April 14, 2022, May 06, 2022, August 12, 2022, , September 30, 2022, October 25, 2022, November 07, 2022, November 28, 2022, January 23, 2023 and February 11, 2023 . The intervening gap between the two board meetings were in compliance of the provisions of the Act.

The Composition and attendance is as follows:

Name of the Director	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Mr. Devesh Sachdev	Managing Director & CEO	9	9
Ms. Ratna Dharashree Vishwanathan	Independent Director	9	9
Ms. Namrata Kaul	Independent Director	9	9
Mr. Pankaj Vaish	Independent Director	9	9
Mr. Kenneth Dan Vander Weele	Nominee Director	9	8
Mr. Narendra Ostawal	Nominee Director	9	9

## DETAILED REASONS FOR RESIGNATION AND RE-APPOINTMENT OF INDEPENDENT DIRECTORS:

### Resignation:

None of the Independent Directors have resigned from the company, during the financial year ended March 31, 2023.

### Re-appointment:

The shareholders in the Extra Ordinary General Meeting (“EGM”) of the Company held on February 16, 2023 had re-appointed Ms. Namrata Kaul & Ms. Ratna Dharashree Vishwanathan as the Independent Directors of the Company w.e.f. February 18, 2023 for a period of five (5) years and May 24, 2023 for a period of three (3) years respectively.

### FAMILIARIZATION PROGRAMME :

With a view to familiarize the Independent Directors as required under the Listing Regulations, the Company has held familiarization programme for the Independent Directors.

The details of familiarization program are available on the Company’s website and can be accessed at <https://fusionmicrofinance.com/familiarization-programme-for-independent-directors/>

### COMMITTEES OF BOARD:

The Company, as on March 31, 2023 had Ten committees; Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Board Risk Management Committee, Working Committee, Debenture Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee, & IPO Committee.

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval. During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

The Company Secretary acts as a Secretary to all the Committees of the Board. Detailed terms of reference, composition, meetings and other information of each of the Committees of the Board are detailed herein below:

#### 1. AUDIT COMMITTEE

The Audit Committee oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct, credible and also to meet the statutory provisions of the NBFC Regulations and the Act. The Audit Committee also reviews reports of the Statutory Auditors, the Internal Auditors and adequacy of the internal control system.

The Composition of the Audit Committee is in terms of Listing Regulations and Companies Act 2013, wherein, two-thirds of the members of audit committee are Independent Directors and all the members of the Audit Committee are financially literate and have accounting and financial management expertise. Mr. Deepak Madaan, Company Secretary and Chief Compliance Officer of the company, act as a Secretary of the Committee.

#### Composition and Attendance:

During the financial year ended March 31, 2023, the Committee met 5 times, i.e. on May 6 2022, August 12, 2022, September 30, 2022, November 28, 2022, and February 11, 2023.

The composition & attendance are as follows -

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	5	5
Mr. Narendra Ostawal (Member)	Nominee Director	5	5
Mr. Pankaj Vaish (Member)	Independent Director	5	5



**Terms of Reference of the Audit Committee:**

The term of reference of the Audit Committee is given hereunder:

The role of the Audit Committee includes the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions; and
  - (g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the Company with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. carrying out any other function as is mentioned in the terms of reference of the audit committee in term of the applicable laws; and
21. reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary (if applicable) exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee in term of the applicable laws.

Further, the Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. management letters / letters of internal control weaknesses issued by the statutory auditors;
3. internal audit reports relating to internal control weaknesses; and
4. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
5. statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and

- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

The powers of the Audit Committee include the following:

1. to investigate any activity within its terms of reference;
2. to seek information from any employee of the Company;
3. to obtain outside legal or other professional advice; and
4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

Besides, the Audit Committee shall oversee the vigil mechanism. The vigil mechanism shall provide for adequate safeguard against victimization of employees and directors who avail the vigil mechanism.

In addition to the above the Audit Committee also put various suggestions to the Board on review of policy and how to further strengthen the process in future.

## 2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

### Composition and Attendance:

During the financial year ended March 31, 2023, the Committee met 4 times, i.e. on May 6, 2022, August 12, 2022, November 28, 2022 and February 11, 2023.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	4	4
Mr. Devesh Sachdev (Member)	Managing Director & CEO	4	4
Mr. Pankaj Vaish (Member)	Independent Director	4	4

### Terms of Reference

The revised term of reference of the Corporate Social Responsibility Committee is given hereunder:

- (a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;
- (b) To review and recommend the amount of expenditure to be incurred on the activities referred to in (a);
- (c) To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time;
- (d) To do such other acts, deeds and things as may be required to comply with the applicable laws; and;
- (e) To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

### 3. NOMINATION & REMUNERATION COMMITTEE

#### Composition and Attendance:

During the financial year ended March 31, 2023, the Committee met 4 times, i.e. on, May 6 2022, November 28, 2022, January 23, 2023, and February 11, 2023.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	4	4
Ms. Namrata Kaul (Member)	Independent Director	4	4
Mr. Narendra Ostawal (Member)	Nominee Director	4	4

#### Terms of Reference

The term of reference of the Nomination and Remuneration Committee is given hereunder:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
  - the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

- use the services of an external agency, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - consider the time commitments of the candidates.
- Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
  - Devising a policy on diversity of Board of Directors;
  - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
  - Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  - Recommending to the board, all remuneration, in whatever form, payable to senior management;
  - Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;



9. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
  - b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;
10. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:
  - Formulating detailed terms and conditions of the plan in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 in term of which includes the provision as specified by the Board in this regard; and
  - Administration and superintendence of the aforesaid plan.
11. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;

12. carrying out any other function as is mentioned in the terms of reference of the Nomination and Remuneration Committee in term of the applicable laws;
13. Performing such other functions as may be necessary or appropriate for the performance of its duties; and
14. To ensure 'fit and proper' status of proposed/ existing Directors.

#### Performance Evaluation by the Board:

The performance evaluation criteria for the Board, its Committees & the Directors of the Company is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation of Independent Directors is carried out includes participation by a director in the board meetings, effective deployment of knowledge and experience in implementation of company's strategy, contribution with precise and value added inputs in Board Meetings to help decision making, integrity and maintenance of confidentiality and independence of judgement.

As part of the evaluation process, the performance evaluation of Board as a whole for the FY 2022-23 was done by the Directors of the Board. The performance evaluation of the Promoter Director, Nominee Directors and Non-Independent directors was done by every other Director. The performance evaluation of the Independent Directors was done by the Board excluding the Director being evaluated. The performance evaluation of the Board Committees was done by respective Committee members.

#### 4. ASSET LIABILITY MANAGEMENT COMMITTEE

##### Composition and Attendance:

The Company has an effective Asset Liability Management Committee formed in accordance with the directions framed by RBI. During the financial year ended March 31, 2023, the Committee met 4 times, i.e. on May 6 2022, August 12, 2022, November 28, 2022 and February 11, 2023.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Mr. Devesh Sachdev (Chairman)	Managing Director & CEO	4	4
Mr. Gaurav Maheshwari (Member)	Chief Financial Officer	4	4

##### Terms of Reference

The terms of reference of the Asset Liability Management Committee include:

- Liquidity Risk Management
- Management of market (interest rate) risk

- Funding and capital planning
- Pricing, profit planning and growth projections
- To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model and also in line with such regulations as may be in force from time to time.
- Review of operational risk.

The Committee reviews the Asset Liability Management reports to be submitted periodically to RBI.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	4	3
Mr. Devesh Sachdev (Member)	Managing Director & CEO	4	4
Mr. Narendra Ostawal (Member)	Nominee Director	4	4
Mr. Sanjay Choudhary (Member)	Chief Risk Officer	4	4
*Mr. Pankaj Vaish (Member)	Independent Director	NA	NA

\*appointed as the member of the Committee w.e.f. February 11, 2023.

#### Terms of Reference

The term of reference of the BMRC is given hereunder:

- To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
  - Measures for risk mitigation including systems and processes for internal control of identified risks; and
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken
- To appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee
- To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down
- The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- carrying out any other function as is mentioned in the terms of reference of the Board Risk Management Committee in term of the applicable laws.

#### 5. BOARD RISK MANAGEMENT COMMITTEE (BRMC)

The company has an effective Board Risk Management Committee (BRMC) formed in accordance with Listing Regulations and in terms of the directions framed by RBI for monitoring the risk and to strategize action to mitigate risks associated with the functioning of the Company.

##### Composition and Attendance:

During the financial year ended March 31, 2023, the Committee met 4 times, i.e. on May 6 2022, August 12, 2022, November 28, 2022 and February 11, 2023.

## 6. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

During the financial year ended March 31, 2023, the Committee met 3 times, i.e. on May 6, 2022 and November 28, 2022 and February 11, 2023. In compliance with RBI Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017, Mr. Naveen Mangle is designated as the Chief Technology Officer of the Company.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2023	
		Held during tenure	Attended
Ms.Mr.. Pankaj Vaish (Chairman)	Independent Director	3	3
Ms. Namrata Kaul (Member)	Independent Director	3	3
Mr. Devesh Sachdev (Member)	Managing Director & CEO	3	3
Mr. Naveen Mangle (Member)	Chief Technology Officer	3	3

### Terms of reference

The Committee is constituted to carry out review and amend IT strategies in line with the corporate strategies, board policy reviews, cyber security arrangements and other matters related to IT Governance.

## 7. STAKEHOLDER RELATIONSHIP COMMITTEE

In terms of the Listing Regulations, the Company has constituted the “Stakeholder Relationship Committee” with the following members:

1. Ms. Ratna Dharashree Vishwanathan, Independent Director - Chairperson
2. Mr. Devesh Sachdev, Managing Director & CEO - Member
3. Ms. Namrata Kaul, Independent Director – Member

During the FY’23, the Committee met once on February 11, 2023 and all the members attended the meeting.

Mr. Deepak Madaaan, Company Secretary and Chief Compliance Officer of the company, act as a Secretary of the Committee

The status of shareholders’ complaints during Financial Year 2022-23, is mentioned below:

Complaints received during the year (in Nos.)	Complaints resolved during the year (in Nos.)	Complaints pending at the end of the year (in Nos.)
44	44	Nil

Further, all the complaints received during the FY’23 were resolved to the satisfaction of shareholders.

The term of reference of the Committee is hereunder :

1. Considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
2. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc;
3. Review of measures taken for effective exercise of voting rights by shareholders;
4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.



6. carrying out any other function as is mentioned in the terms of reference of the Stakeholders Relationship Committee in term of the applicable laws.

### SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the FY'23, the Independent Directors of the company, met on February 11, 2023 and all the directors were present in the meeting. The Independent Directors have evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole during the year and further assessed the quality of Board performance and timeliness of flow of information with the Board.

### SENIOR MANAGEMENT PERSONNEL

During the Financial Year 2022-23, there is no change in the senior management of the company except that Ms. Pooja Mehta has been appointed as the Chief Human Resource Officer (CHRO) of the company.

As on the date of this report, the following officials constituted the Senior Management:

Name	Designation
Mr. Tarun Mehndiratta	Chief Operating Officer, MFI
Mr. Kamal Kumar Kaushik	Chief Operating Officer, MSME
Mr. Ankush Ahluwalia	Chief Business Officer, MFI
Mr. Sanjay Mahajan	Chief Information Officer
Mr. Satish Mani	Senior Vice President, Audit
Mr. Sanjay Choudhary	Chief Risk Officer
Ms. Pooja Mehta	Chief Human Resource Officer
Mr. Deepak Madaan	Chief Compliance Officer

### REMUNERATION OF DIRECTORS

The remuneration of Directors is fixed keeping in view the overall limit laid down as per the qualification and experience of the appointee and overall financial performance of the Company. The remuneration of Executive Directors of the Company is being paid as approved by the Board of Directors & Shareholders of the Company.

#### a. Executive Directors

Details of the remuneration paid to Executive Directors in the Financial Year 2022-23 and other disclosures

(in ₹)

Name of Director	Designation	Gross Salary	Bonus*	Perquisites	Others	Total**
Mr. Devesh Sachdev	MD & CEO	22,604,586	22,500,000	526,480	-	4,56,31,066

\*Bonus is pertaining to the FY 21-22, paid in FY 22-23.

\*\*excludes ₹20,000,000 paid as one time bonus.

Mr. Devesh Sachdev, Managing Director and CEO was appointed for a period of 5 years commencing from December 5, 2018. The Company may terminate his services after serving 2 months notice or salary in lieu thereof. In any other circumstances, he is not entitled for any severance fees.

The Company's remuneration strategy is market driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with existing industry practice and is directed towards rewarding performance, based on review of achievements on periodical basis.

Apart from the bonus, all the components of remuneration of Mr. Devesh Sachdev, MD & CEO are fixed. The bonus is provided on the basis of various parameters linked to performance set by the Board in advances.

## b. Non-Executive Directors

### i. Criteria for making payment

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the committees thereof as approved by the Board. The sitting fees as determined by the Board for attending meetings of the Board meetings and committee meetings are within the limits prescribed under the Act. No sitting fee were paid to the Nominees Directors.

### ii. Details of sitting fees paid during Financial Year 2022-23

The details of sitting fees paid to Non - Executive Independent Directors for attending the meeting the Board & relevant Committees during the Financial Year 2022-23 are as under:

Name of Director	Designation	Sitting Fees
		Board Meeting & Committee
Ms. Namrata Kaul	Independent Director	₹15,35,000
Ms. Ratna Dharashree Vishwanathan	Independent Director	₹13,90,000
Mr. Pankaj Vaish	Independent Director	₹13,65,000
<b>Total</b>		<b>₹42,90,000</b>

There were no other pecuniary relationships or transactions of the Non-Executive Directors and Independent Directors vis-à-vis the Company. As on March 31, 2023 none of the director is entitled for Employees Stock Option (ESOPs) of the Company and during the financial year under the review no ESOP was granted to any director of the Company.

## GENERAL BODY MEETINGS

### ANNUAL GENERAL MEETING (AGM)

The details of the Annual General Meetings (AGM) of the shareholders held during the previous 3 financial years are given below:

AGM for Financial Year	Date	Time	Venue	No. of Special Resolutions passed
2021-22	05.08.2022	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	3
2020-21	16.06.2021	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	2
2019-20	28.07.2020	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	2

### POSTAL BALLOT

During the Financial year, the following Resolutions were placed for approval of the shareholders by Postal Ballot and approved with requisite majority::

**Date of Notice:** February 24, 2023

**Voting period:** February 25, 2023 to March 26, 2023

Item Proposed	Resolution Type	Total Votes	Votes in Favour		Votes Against	
			No. of votes	%	No. of votes	%
1. Approved the ratification of Fusion Employee Stock Option Plan 2016 as per SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021	Special	100630735	76808346	93.06	5726946	6.93
2. Approved the Fusion Employee Stock Option Plan 2023	Special	100630735	76808306	93.06	5726986	6.93

Item Proposed	Resolution Type	Total Votes	Votes in Favour		Votes Against	
			No. of votes	%	No. of votes	%
3. Approved the winding up of Fusion Micro Finance Limited Employee Stock Option Plan 2014 (ESOP Plan 2014), after transfer of remaining shares under ESOP Plan 2014, if any, to Fusion Employee Stock Option Plan 2023	Special	100630735	76535667	92.73	5999625	7.26
4. Approved the provision of money by the company for purchase of its own share by the trust / trustees for the benefit of employees under Fusion Employee Stock Option Plan 2016 and under Fusion Employee Stock Option Plan 2023	Special	100630735	76396339	92.56	6138953	7.43

The Company had appointed Mr. Harish Kumar (Membership no. F11918), Proprietor of M/s. Harish Popli & Associates, Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and in accordance with the law. Accordingly, the above Postal Ballot(s) were conducted by the scrutinizer and a report was submitted.

Details of voting pattern and scrutinizer's report is placed on the website of the company [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).

#### Procedure adopted for Postal Ballot

- The Postal Ballot notice together with explanatory statement, dated February 24, 2023 was sent only through email, to the members of the company as on Cut-off Date i.e. February 17, 2023.
  - The Company had engaged the services of Link Intime India Private Limited ('LIPL' or 'e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting period commenced at 9 a.m. IST on Saturday, February 25, 2023 and ended at 5 p.m. IST on Sunday, March 26, 2023.
  - As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement was also published in Mint: English and Hindustan Delhi: Hindi on February 25, 2023.
  - The remote e-voting was unblocked by the scrutinizer on Monday, March 27, 2023, in the presence of two witnesses who were not in employment of the Company.
  - The Scrutinizer submitted his report dated March 28, 2023, addressed to the Chairman of the Company in the prescribed format. Based on the report, the resolutions set out in the Postal Ballot Notice were passed as special resolutions on March 26, 2023.
- Further, no special resolution is proposed to be conducted through postal ballot.

#### Extra Ordinary General Meetings

The details of Extra Ordinary General Meetings (EGM) of the shareholders held during the last 3 financial years are given below:

Year	Date	Time	Location	No. of Special Resolutions Passed
2022-23	16.02.2023	01:00 P.M.	Video conferencing/ other Audio-visual Means ("VC/OAVM")-Plot No. 86, Institutional Sector 32, Gurugram - 122001	2
2021-22	26.04.2021	11:00 A.M.	Plot No. 86, Institutional Sector 32, Gurugram - 122001	2
	27.07.2021	11:00 A.M.	Plot No. 86, Institutional Sector 32, Gurugram - 122001	4
	18.12.2021	11:00 A.M.	Plot No. 86, Institutional Sector 32, Gurugram - 122001	1
2020-21			Nil	

All the proposed resolutions were passed by the shareholders as set out in their respective notices.



## DEBENTURE HOLDER DETAILS:

The details regarding the Debenture Holders as on March 31, 2023 are given as under:

Name of the NCD	Address	No. of NCD
AU Small Finance Bank Limited	Corporate Office 5 <sup>th</sup> Floor, E Wing Kanakia Zillion Junction of CST & LBS Road Kurla West, Mumbai	300
Blue Orchard (Microfinance Fund)	11-13, Boulevard, de la foire, L-1528, Luxembourg	500
Vivriti Capital Private Limited	2 <sup>nd</sup> floor, Prestige Polygon 471, Anna Salai, Mount Road, Nandanam, Chennai, Tamil Nadu 600035	250
Blue Orchard (Microfinance Fund)	11-13, Boulevard, de la foire, L-1528, Luxembourg	1450
Blue Orchard (JAPAN ASEAN WOMEN EMPOWERMENT FUND)	11-13, Boulevard, de la foire, L-1528, Luxembourg	500
UTI International Wealth Creator 4 (responsAbility)	4 <sup>th</sup> Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	700
UTI International Wealth Creator 4 (responsAbility)	4 <sup>th</sup> Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	750
Triodos Microfinance Fund	11-13 boulevard de la foire, L-1528 Luxemburg, Grand Duchy of Luxembourg	315
Triodos Fair Share Fund	11-13 boulevard de la foire, L-1528 Luxemburg, Grand Duchy of Luxembourg	315
DCB Bank limited	Peninsula Business Park, Tower A, 6 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013	100
Indian Bank	Indian Bank treasury branch, 2 <sup>nd</sup> floor Allahabad Bank building, Fort, Mumbai, 400001	200
State Bank of India	State bank of India, Securities Services Branch, 2 <sup>nd</sup> floor SBI Main Branch Building, Samachar Marg, Fort, Mumbai 400001	250
Union Bank of India	3 <sup>rd</sup> Floor, Treasury office, 239, Union Bank Central Office, Vidhan Bhavan Marg, Nariman Point, Mumbai, Maharashtra 400021	200
Tata Capital Financial Services Limited	12 <sup>th</sup> Floor Tower A Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai- 400013	30
Vivriti Asset Management (Vivriti Short Term Bond Fund)	2 <sup>nd</sup> floor, Prestige Polygon 471, Anna Salai, Mount Road, Nandanam, Chennai, Tamil Nadu 600035	3500
Northern Arc Money Market Alpha Trust	10 <sup>th</sup> Floor, IIT Madras Research Park, Kanagam Rd, Kanagam, Tharamani, Chennai, Tamil Nadu 600113	450
CDC Group PLC	CDC Group PLC, 123 Victoria Street, London – SW1E6DE	600
NORTHERN ARC CAPITAL LIMITED / KARVY	10 <sup>th</sup> Floor, IIT Madras Research Park, Kanagam Rd, Kanagam, Tharamani, Chennai, Tamil Nadu 600113	300

**REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDs) DURING THE FY 2022-23**

During the financial year 2022-23 following Non-convertible Debentures were fully redeemed:

S. No	Name of the NCD	Date of Allotment	No. of NCDs issued	Amount (in million)	Date of redemption
1.	Bank of Baroda	13-Nov-20	500	500	13-May-22
2.	Bank of India	13-Nov-20	350	350	13-May-22
3.	Indian Overseas Bank	13-Nov-20	250	250	13-May-22
4.	State Bank of India NCD - 2	13-Nov-20	500	500	13-May-22
5.	Punjab National Bank NCD - 2	19-Nov-20	250	250	19-May-22
6.	PETTELAAR EFFECTENBEWAARBEDRIJF N.V. (ASN Microcredit Fund TJ)	2-Jun-16	526	526	16-May-22
7.	UTI International Wealth Creator (responsAbility)	15-Sep-19	550	550	15-Sep-22
8.	UTI International Wealth Creator (responsAbility)	9-Sep-19	350	350	9-Sep-22
9.	IFMR Fimpact Medium Term Opportunity Fund	15-Mar-17	284	284	30-Mar-23
10	IFMR Fimpact Long Term Credit Fund SD	15-Mar-17	216	216	30-Mar-23

During the financial year 2022-23 following Non-convertible Debentures were partially redeemed:

S. No	Name of the NCD	Date of Allotment	No. of NCD issued	Amount redeemed (In million)
1	CDC Group	30/Mar/21	600	36.00
2	Au Small Finance Bank Limited	19/Jun/20	300	100.00
3	Northern Arc Money Market Alpha Trust	21/Dec/21	450	200.00
4	Vivriti Asset Management (Vivriti Short Term Bond Fund)	19/Apr/22	3500	116.67

**DEBENTURE TRUSTEES DETAILS:**

The Debenture Trustees during the Financial Year ended March 31, 2023 are as follows:

Name	Catalyst Trusteeship Limited	Beacon Trusteeship Limited	Vistra ITCL (India) Limited
Address	Windsor, 6 <sup>th</sup> floor, Office No.604, C.S.T Road, Kalina, Santacruz (East) Mumbai 400098	4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Gandhi Nagar, Bandra (East), Mumbai - 400 051	The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051
Contact no.	011-43029101	022-26558759	022-26593333
Email ID	ComplianceCTL-Mumbai@ctltrustee.com	compliance@beacontrustee.co.in	itclcomplianceofficer@vistra.com
Website	<a href="http://www.catalysttrustee.com">www.catalysttrustee.com</a>	<a href="http://beacontrustee.co.in/">http://beacontrustee.co.in/</a>	<a href="http://www.vistraitcl.com">www.vistraitcl.com</a>

## MEANS OF COMMUNICATION

- A. The quarterly, half-yearly and annual financial results of the Company are published in the national English Newspapers having circulation substantially in whole of India and Hindi Newspapers having wide circulation in the language of the region where the registered office of the company is situated, pursuant to the listing of the company dated 15<sup>th</sup> November, 2022. The same is also available on the website of the company i.e. [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).
- B. During the financial year 2022-23, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Unaudited Financial Results for the quarter ended June 30, 2022	Mint (English)	August 13, 2022
Unaudited Financial Results for the Quarter and Half Year ended September 30, 2022	Mint (English)	November 29, 2022
	Hindustan (Hindi)	November 29, 2022
Un -Audited financial Results for the Quarter and Nine months ended December 31, 2022.	Hindustan (Hindi)	February 12, 2023
	Mint (English)	February 13, 2023
Audited Financial Results for the Financial Year ended March 31, 2023	Hindustan (Hindi)	May 23, 2023
	Mint (English)	May 23, 2023

## REGULAR UPDATES:

The official press releases are posted on Company's website [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com). The Company sends Quarterly newsletter to the Board Members, stakeholders and keeps them updated on the happenings in the Company. All other events and happenings of importance to the sector are reported to the Board on a continuous basis.

The Company has conducted Earning's Calls post announcement of quarterly/half-Yearly/ annual results, which were well attended by the analysts/ investors and the audio recording, investor presentations and transcripts of such calls were uploaded on Company's website.

## GENERAL SHAREHOLDER INFORMATION

### 29<sup>th</sup> Annual General Meeting:

**Date:** September 29, 2023

**Day:** Friday

**Time:** 11:00 A.M.

**Venue:** Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)

**Financial year:** April 1, 2022 to March 31, 2023

### Listing on Stock Exchange

Equity Shares of Fusion Micro Finance Limited are listed on the below mentioned Stock Exchanges:

Stock Exchange	National Stock Exchange of India Limited (NSE)	BSE Limited (BSE)
Address	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra(E) Mumbai – 400 051	Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
Symbol/Scrip Code	FUSION	543652

The Non-Convertible Debentures of Fusion Micro Finance Limited are listed on Bombay Stock Exchange.

Further, none of the securities of the company are suspended for trading as on March 31, 2023.

**Listing Fees:** The Company confirms payment of Annual Listing fees of NSE and BSE for Financial year 2023-24.

**Dividend payment date:** No dividend was declared for the Financial year 2022 – 23.

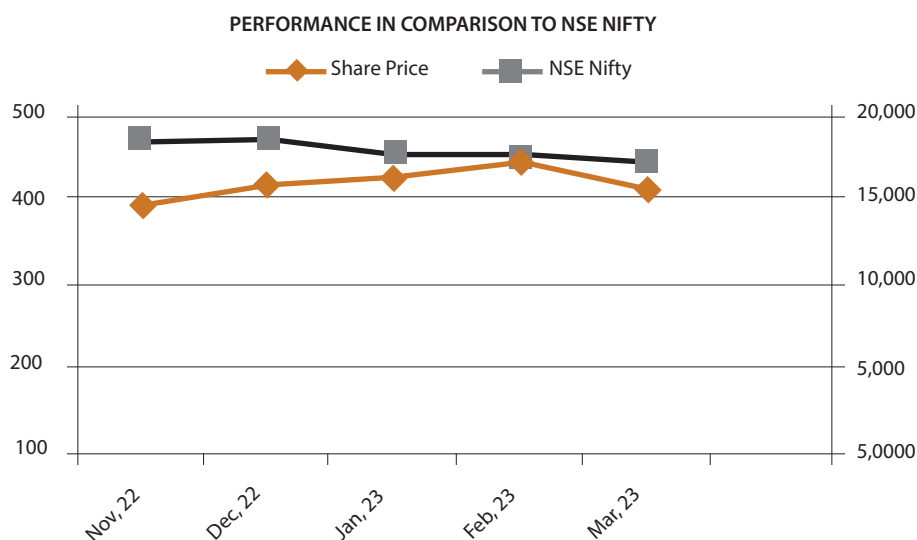
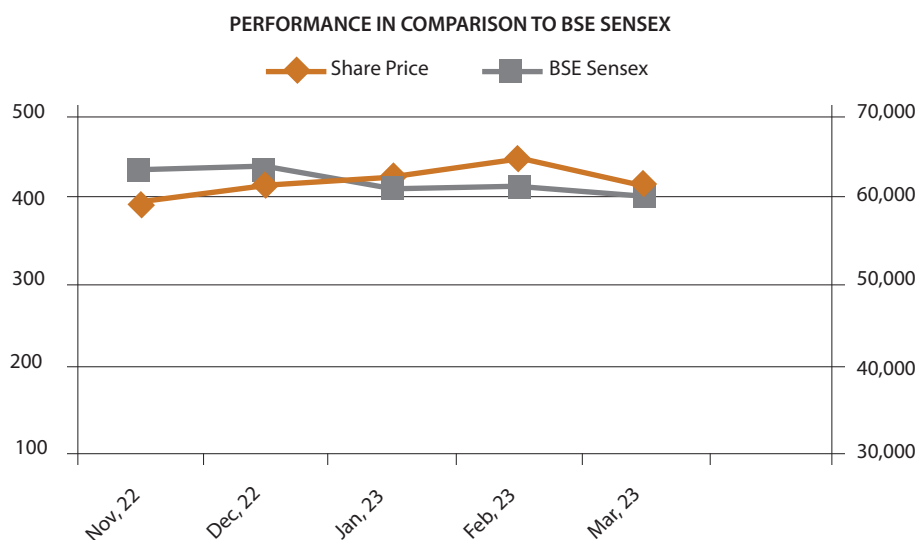


### STOCK MARKET PRICE DATA

Monthly high and low prices of equity shares of the company at BSE Limited (BSE) and at the National Stock Exchange of India Limited (NSE) during the year under review:

Month	NSE		BSE	
	High	Low	High	Low
November 2022	391.00	321.10	391.30	321.40
December 2022	415.80	346.50	415.50	345.00
January 2023	421.90	364.25	422.10	364.80
February 2023	444.40	384.80	444.40	385.00
March 2023	411.80	375.00	411.70	378.70

The source for table above is [www.nseindia.com](http://www.nseindia.com) for NSE quotes and [www.bseindia.com](http://www.bseindia.com) for BSE quotes



## REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited is the Registrar and Transfer Agents for Equity and Debt securities of the Company. Their contact details are as below:

Noble Heights, 1<sup>st</sup> Floor, Plot No. NH 2,  
LSC, C-1 Block, Near Savitri Market,  
Janakpuri, New Delhi-110058  
Tel. No.: 011 - 4141 0592/93  
Fax No.: 011 - 4141 0591  
E-mail: : [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

## SHARE TRANSFER SYSTEM, DEMATERIALIZATION OF SHARES AND LIQUIDITY:

All the equity shares of the Company are held in demat form.

## SHAREHOLDING

### A. Distribution of Shareholding

The distribution of shareholding as on March 31, 2023 was as follows:

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1-500	33,714	94.38	19,43,198	1.93
501 – 1,000	1,012	2.83	6,93,941	0.69
1,001 – 2,000	404	1.13	6,12,670	0.61
2,001 – 3,000	172	0.48	4,44,538	0.44
3,001 – 4,000	82	0.23	2,96,118	0.29
4,001 – 5,000	50	0.14	2,36,682	0.24
5,001 – 10,000	105	0.29	7,72,453	0.77
10,001 & above	186	0.52	9,56,31,135	95.03
<b>Total</b>	<b>35,725</b>	<b>100.00</b>	<b>10,06,30,735</b>	<b>100.00</b>

### B. Shareholding Pattern as on March 31, 2023

S.no.	Category	No. of shares	% of holding
<b>A</b>	<b>Promoter and Promoter Group</b>		
	Indian	5,112,914	5.08
	Foreign	63,498,302	63.10
	<b>Total (A)</b>	<b>68,611,216</b>	<b>68.18</b>
<b>B</b>	<b>Public</b>		
	Institutions (Domestic)	13,639,729	13.55
	Institutions (Foreign)	6,019,926	5.98
	Non-institutions	12,074,598	12.00
	<b>Total (B)</b>	<b>31,734,253</b>	<b>31.54</b>
<b>C</b>	<b>Non Promoter- Non Public Shareholder</b>		
	Employee Benefit Trust/ Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	285,266	0.28
	<b>Total (C)</b>	<b>285,266</b>	<b>0.28</b>
	<b>TOTAL (A+B+C)</b>	<b>100,630,735</b>	<b>100.00</b>

### OUTSTANDING GDRS/ ADRS/ WARRANTS OR CONVERTIBLE INSTRUMENTS:

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments as on March 31, 2023, which are likely to have an impact on the equity of the Company.

### COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The Company follows prudent risk management policies. There is no direct hedge able commodity risk that the Company has on any of its products & services.

### PLANT LOCATION:

Being a financial services company, the Company has no plant locations. Further, as on 31<sup>st</sup> March, 2023, the company have 1086 Branches spread across 20 states of the country..

### ADDRESS FOR CORRESPONDENCE

Mr. Deepak Madaan  
Company Secretary & Chief Compliance officer  
Fusion Micro Finance Limited  
Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001  
Tel: 0124-6910500/6910600  
Website: [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)  
Email: [companysecretary@fusionmicrofinance.com](mailto:companysecretary@fusionmicrofinance.com)

### Registered Office:

H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028  
Tel: 011-46646600

### Corporate Office:

Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001  
Tel: 0124-6910500/6910600

Website: [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)

### CREDIT RATING

The details with respect to Credit Ratings obtained by the Company are given in the Directors' Report.

### OTHER DISCLOSURES

- a. The Company has not entered any transaction of material nature with the Directors or the management, relatives of Directors during the year under review that have potential conflict with the interest of the Company. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Indian Accounting Standards – 24, if any, are placed periodically before the Audit Committee. Further, the details of the related party transactions of the Company during the year ended March 31, 2023 are given in Notes on Accounts forming part of Annual Report. All related party transactions entered are on arms' length basis and in the ordinary course of business and are intended to further the interest of the Company. The related party policy of the company is disclosed on the website of the company i.e. [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).
- b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years .

During the Financial Year under review, no action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except the following:



Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case
Bombay Stock Exchange	₹1,15,640/- (inclusive of GST)	Non disclosure of line items prescribed under Regulation 52(4), non submission of the financial results for the quarter and half year ended September 30, 2022 under Regulation 52(1) and Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs under Regulation 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 .
Bombay Stock Exchange	₹23,600/- (inclusive of GST)	Delay in submission of the notice of Record Date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the company has applied for waiver and the same is pending with the stock exchange yet.
Bombay Stock Exchange	₹13,21,600/-	Nondisclosure of information related to payment obligations under Regulations 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the company has applied for waiver and the same is pending with the stock exchange yet.
Bombay Stock Exchange	₹11,800/- (inclusive of GST)	Delay in submission of the notice of Record Date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the company has applied for waiver and the same is pending with the stock exchange yet.

During the F.Y. 2022 and 2021, there have been no instances of non-compliance by the Company on any matters related to stock exchange(s) or the board or any statutory authority, on any matter related to capital markets

- c. The Company has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the Company and also placed on the website of the Company i.e. [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com). Further, it is affirmed that no personnel have been denied access to the Audit Committee. The Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct of your Company serves as a guide for daily business interactions, reflecting your Company's standard for appropriate behavior and living Corporate Values. The Code of Conduct applies to all Fusion's People, including Directors, Officers, and all employees of the Company.
- d. The Company has complied with all the mandatory requirements of the SEBI Listing Regulations and discretionary requirements as specified in Part E of Schedule II to the SEBI Listing Regulations are being reviewed from time to time..
- e. During the FY'23, the total fee of ₹2,38,45,447 is being paid to the Statutory Auditors of the Company for Statutory Audit, Tax Audit and other professional services.
- f. As per requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization. Further, the Company have properly constituted Internal Complaint Committee to address the sexual harassment cases. However, no complaints were received during the period under review.
- g. The company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015.
- h. **Disclosure on loans and advances:**  
The Company has not provided any loans and advances in the nature of loans to firms/ companies in which the directors are interested during the FY'23.
- i. **Disclosure of certain types of agreements binding listed entities**  
No such agreements, as specified in clause 5A of para A of part A of Schedule III of SEBI (LODR) Regulations, 2015 have been entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of the company.

## CERTIFICATE ON CORPORATE GOVERNANCE

[As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**Fusion Micro Finance Limited**  
Regd. Office: H-1, C Block, Community Centre,  
Naraina Vihar, New Delhi New Delhi DL 110028 IN

We have examined the compliance of conditions of Corporate Governance by the Fusion Micro Finance Limited for the year ended 31<sup>st</sup> March, 2023 as per regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information, based on the records, documents, books, and other information furnished and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as per regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Listing Regulations as applicable.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Harish Popli & Associates**  
**Company Secretaries**

**Harish Kumar**  
Proprietor  
FCS: 11918, COP: 22475  
Place: New Delhi  
Date: July 20, 2023  
UDIN: F011918E000644836

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To,  
The Members of  
**Fusion Micro Finance Limited**  
Regd. Office: H-1, C Block, Community Centre,  
Naraina Vihar, New Delhi New Delhi DL 110028 IN

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **FUSION MICRO FINANCE LIMITED (CIN L65100DL1994PLC061287)** having registered office at H-1, C Block, Community Centre, Naraina Vihar, New Delhi New Delhi DL 110028 IN, (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its directors / officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31<sup>st</sup> March 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs and any such other statutory authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	MR. DEVESH SACHDEV	02547111	05/11/2009
2.	MR. PANKAJ VAISH	00367424	22/09/2021
3.	MR. KENNETH DAN VANDER WEELE	02545813	12/08/2016
4.	MR. NARENDRA OSTAWAL	06530414	05/12/2018
5.	MS.RATNA DHARASHREE VISHWANATHAN	07278291	24/05/2018
6.	MS. NAMRATA KAUL	00994532	18/02/2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Harish Popli & Associates**  
**Company Secretaries**

**Harish Kumar**  
Proprietor  
FCS: 11918, COP: 22475  
Place: New Delhi  
Date: July 20, 2023  
UDIN: F011918E000644792



## CEO Certification on Code of Conduct:

I, Devesh Sachdev, Managing Director and CEO of Fusion Micro Limited, hereby certify that all the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct of the Company laid down by the Board of Directors, for the year ended March 31, 2023.

For and on behalf of the Board of Directors

Place: Gurugram  
Date: August 02, 2023

Sd/-  
**Devesh Sachdev**  
(MD & CEO)  
DIN: 02547111

## CEO & CFO Certificate

The Board of Directors  
**Fusion Micro Finance Limited**

This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31<sup>st</sup> March 2023 and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent or illegal or violate Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.
3. We have indicated to the Auditors and the Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**Gaurav Maheshwari**

CFO

Sd/-

**Devesh Sachdev**

(MD & CEO)

DIN: 02547111

Place: Gurugram

Date: August 02, 2023

**Form No. MR-3**  
**Secretarial Audit Report**  
[For the Financial Year ended on 31<sup>st</sup> March 2023]

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**FUSION MICRO FINANCE LIMITED**  
Regd Office: H-1, C Block, Community Centre, Naraina Vihar,  
New Delhi - 110028

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FUSION MICRO FINANCE LIMITED (CIN No: L65100DL1994PLC061287)** (hereinafter referred to as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the **FUSION MICRO FINANCE LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and compliance -mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on **31<sup>st</sup> March, 2023** according to the provisions of:

- (i) The Companies Act, 2013 ("**the Act**") and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - The Company was not involved in the activities relating to Registrar to an issue and not acting as Share Transfer Agent hence not applicable to the Company during the audit period;





- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.- **Not applicable during the audit period;**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. - **Not applicable during the audit period;**
  - (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder. ('Listing Regulations').
- (vii) We further inform that, based on the representation received from the management, the following industry specific laws, are applicable to the Company.

The Reserve Bank of India Act, 1934, as amended from time to time, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, Non-Banking Financial Company –Micro Finance Institutions (Reserve Bank) Directions, 2011 and other applicable regulations, directions, circulars issued by RBI on the Non-Banking Financial Companies-Not Accepting Public Deposits.

During the period under review the Company is generally regular in compliance of the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except as follows:

- a. The composition of Board of the Company was not in conformity with the provisions of Section 152(6) of the Act during the Audit Period. However, as on date of the report, the Company has complied with the provisions of Section 152(6) of the Act.
- b. The Company has not complied with the provisions of Regulations 52(1), 52(4) & 54(2) of the Listing Regulations for which the penalty was levied by the BSE Limited (“**stock exchange**”) which is duly paid by the Company. Further, the stock exchange has also levied penalty for the non-compliance under the provisions of Regulation 57(1) & 60(2) of the Listing Regulations. As there was no non-compliance under Regulation 57(1) Listing Regulations, the stock exchange has acknowledged the representation of the Company. Further, the Company has also applied for waiver of fine imposed under Regulation 60(2) of the Listing Regulations.

We have not examined compliance by the Company with Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals and other compliances, in the laws applicable to the Company, for which Statutory Auditors have given their observations in the Statutory Audit Report.

**We further report that:**

- 1. The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except elsewhere reported in this report. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 2. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or proper consent were recorded for shorter notices, if any and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have happened in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- a. the Company has issued equity shares pursuant to the Initial Public Offer of the Company.
- b. the Company has listed its Equity shares on the BSE Limited and National Stock Exchange Limited on November 15, 2022

- c. the shareholders approved the ratification of Fusion Employee Stock Option Plan, 2016 as per SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- d. the shareholders approved the Fusion Employee Stock Option Plan, 2023
- e. the shareholders approved the winding up of Fusion Micro Finance Limited Employee Stock Option Plan, 2014 (ESOP Plan 2014), after transfer of remaining shares under ESOP Plan 2014, if any, to Fusion Employee Stock Option Plan, 2023
- f. the shareholders approved the provision of money by the Company for purchase of its own share by the trust/ trustees for the benefit of employees under Fusion Employee Stock Option Plan, 2016 and under Fusion Employee Stock Option Plan 2023

For **Harish Popli & Associates**  
**Company Secretaries**

**CS Harish Kumar**  
Proprietor  
FCS: 11918, COP: 22475  
Place: New Delhi  
Date: July 24, 2023  
UDIN: F011918E000664691

Note: This report is to be read with our letter of even date which is annexed as "**Annexure-A**" and forms an integral part of this report.

The Members,

**FUSION MICRO FINANCE LIMITED**

Regd Office: H-1, C Block, Community Centre, Naraina Vihar,  
New Delhi DL 110028

Our report of even date is to be read along with this letter as under:

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Harish Popli & Associates**  
**Company Secretaries**

**CS Harish Kumar**

Proprietor

FCS: 11918, COP: 22475

Place: New Delhi

Date: July 24, 2023

UDIN: F011918E000664691



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC OVERVIEW

**Despite facing formidable challenges, India stands tall and steadfast, emerging as a beacon of resilience in the global economy ... relatively unscathed.**

In its flagship World Economic Outlook report, the International Monetary Fund (IMF) projected that India would be the fastest-growing economy in the world, despite confronting considerable challenges such as financial sector turmoil, inflationary pressures, effects of the Russia-Ukraine war, and the persistent impact of the Covid-19 pandemic over the past three years.

IMF has projected that the Indian economy will grow by 5.9 per cent in the current fiscal year, making it the fastest-growing economy in the world even amidst persistent challenges posed by global financial sector turmoil, inflation, and the Covid-19 pandemic. India's resilience and efforts in leveraging digitalization and investing in the green economy have not gone unnoticed, and the country is expected to continue to be a major contributor to global growth.

The recent Union budget has strived to create a balance between addressing development needs and maintaining fiscal responsibility with enhanced capital expenditure that provides a strong foundation for long-term growth and ensures sustainable development in the country. The budget has increased capital expenditure on important infrastructure projects, which will create a strong foundation for long-term growth and help achieve sustainable development. There also has been an uptick in investment in the green economy, including clean and renewable energy.

The central bank (RBI), in its "State of the Economy" report mentioned that it expects growth in the first quarter of 2023/24 to be driven by private consumption, a revival in rural demand and renewed buoyancy in manufacturing on easing of input cost pressures. As per the report, Investment activity is also expected to improve, drawing strength from the thrust on capital expenditure in public spending and moderation in commodity prices. Fortunately, the inflation momentum is turning out to be softer than anticipated.

Domestic economic activity remains resilient, on the back of consecutive years of strong agricultural production, a post-pandemic rebound in contact-intensive services, buoyant growth in bank credit, a healthy banking and financial system and the government's capex push. Slowing global growth, geopolitical tensions, upsurge in financial market volatility and tightening

global financial conditions, however, weigh heavily on the outlook. Taking into account the baseline assumptions, survey indicators and model forecasts, real GDP growth is expected at 6.5 per cent in 2023-24.

The asset quality of the Indian banking system continues to show improvement. As per the Reserve Bank of India's latest financial stability report, banks' gross non-performing assets have fallen to a 10 year low of 3.9 per cent in March 2023. The improvement has been across the board with bad loans falling in both public and private sector banks, and in major sectors of the economy. Alongside, there has also been a steady improvement across key financial parameters of the corporate sector. As per the report, private non-financial companies have managed to bring down their debt to equity ratios further, and have seen an improvement in their debt servicing capacity.

The improvement in the asset quality of banks is likely to continue. Stress tests by the central bank suggest that bad loans are likely to decline further to 3.6 per cent by the end of March 2024. However, this trend could be disrupted if the macroeconomic environment worsens. Alongside, banks have managed to sustain the momentum in their profitability as their net interest margins continue to grow, their provisioning coverage ratio is high, and their capital position is healthy. In fact, the capital to risk-weighted assets ratio has touched a high implying that banks are well capitalized and can absorb macroeconomic shocks.

However, there are some areas of concern. In the retail loan category, even though NPAs are low, loans where the principal or the interest payments or any other amount wholly or partly overdue has remained outstanding for a specified time (special mention accounts), were high at 7.4 per cent. For public sector banks they were even higher in both the secured and unsecured loan category, amounting to almost a tenth of their retail portfolio.

#### Microfinance Industry – Key Takeaways (source CRIF Microlend report)

- Portfolio outstanding of Microfinance sector at ₹337.6K Crore as of Mar'23 with 6.6% Q-o-Q and 17.9% Y-o-Y growth
- Customer base grew by 1.5% Q-o-Q and by 9.8% Y-o-Y
- Rural markets grew by 8.2% Q-o-Q and 22.3% Y-o-Y as of Mar'23
- Urban markets witnessed 4.2% Q-o-Q and 11.4% Y-o-Y growth as of Mar'23

- Average ticket size at ₹43.5K in Q4 FY23, growth of 5.3% compared to Q3 FY23 and growth of 9.2% compared to Q4 FY22
- Average balance per borrower witnessed Q-o-Q growth of 4.6% and grew Y-o-Y by 7.7% as of Mar'23
- NBFCs continue to dominate the market with portfolio share of 37.3%, followed by Banks 33.1%, SFBs 16.6%, as of Mar'23
- PAR 30+ DPD improved from 3.8% as of Dec'22 to 2.2% as of Mar'23, PAR 90+ DPD improved from 2.0% as of Dec'22 to 1.1% as of Mar'23
- Top 10 states by GLP contribute to 85.2% of national GLP, Bihar surpassing Tamil Nadu as top state by GLP as of Mar'23
- ₹94.8K Crore originations (by value) and 217.9 Lakh originations (by volume) in Q4 FY23

## INDUSTRY STRUCTURE AND DEVELOPMENT

In FY 23-24, the MFI sector is projected to build on last year's resurgence with specifically the NBFC MFIs likely to continue to deliver strong performance YoY.

As is the case with the overall financial sector in the country comprising Banks and other financial institutions – we are also very optimistic of seeing significant improvement in overall portfolio quality in the MFI space in FY 24.

FY 24 will also see re-emergence of AP and Telengana as geographies of interest for the practitioners in the MFI space with many of them crystallizing their plans for entry into these 2 potentials and evolved micro finance markets in the first six months of the new financial year.

With the uniform adoption of new harmonized guidelines as issued by the Reserve Bank of India in March 2022, the sector is also more likely to witness some of the larger MFI practitioners making forays into new asset classes.

## OPPORTUNITIES AND THREATS

### A. Opportunities

- Optimizing the expanded strike zone as mandated under the new guidelines issued by RBI
- Targeting incorporation of new asset class
- Building robust, data based objective credit assessment models for managing larger scale operations
- Rural retail as the driver for growth of the overall economy will continue to attract larger allocations from lending

institutions ensuring stability of supply side dynamics

- Greater focus on corporate governance and prudent practices in line with the target segment

### B. Threats

- Global economic situation impacting strategic direction / orientation in India
- Un-predictability of another large health related event
- Impact of unforeseen natural events / climatic conditions
- Geo Political instability in some parts of the globe leading to slowdown or pause in growth oriented initiatives in other geographies

## COMPANY OVERVIEW

Fusion Micro Finance is a registered NBFC -MFI which operates on a Joint Liability Group lending model of Grameen. Established in 2010, the Company focuses on reaching out to the underserved and unbanked populace of the country providing financial services to rural women -100% of its client comprise women living in rural and peri-rural areas. While the Company's core business model is to provide financial support to this segment, disseminating financial literacy & awareness to its customers is an integral part of its core strategy. Adjacent to this initiative is the company's CSR policy which focuses on key activities like Health, Hygiene, Sanitation, Primary Education in catchment areas of its operations.

Headquartered in Gurgaon, the Company's operations are spread across 20 Indian states including 2 Union Territories and managed by an experienced and enthusiastic workforce.

## OPERATIONAL PERFORMANCE

The Company registered a strong performance in 2022-23. From an operational perspective, the Company has taken important strides which promise to make its profitable growth sustainable.

The Company has extended its branch network further in the 20 states that it operates in with a total number of branches as of Mar 23 being 1086 as against 934 as of Mar 22. Significantly, the company also increased its customer base to 35.3 Lakhs as of Mar 23 as compared to 27.2 Lakhs as of Mar 22

Further, the Company was amongst the earliest in the sector to adopt and integrate RBI's new guidelines as per the circular dated March 14<sup>th</sup> 2022. Steadfast focus on post covid realignment and growth opportunities fostered by the latent demand and enabling ecosystem saw the company pivot further strategically on its core building blocks of Diversification, Financial Prudence, Digital Enablement, Risk Management and Human Capital

## FINANCIAL PERFORMANCE

(All amounts are in ₹ millions unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>		
Interest Income	16,001.03	10,643.19
Fees and commission Income	195.81	13.86
Net gain on fair value changes	253.81	247.65
Net gain on derecognition of financial instruments under amortized cost category	968.58	607.95
<b>Total Revenue from operations</b>	<b>17,419.23</b>	<b>11,512.65</b>
Other Income	580.47	500.84
<b>Total Income</b>	<b>17,999.70</b>	<b>12,013.49</b>
<b>Expenses</b>		
Finance Costs	6,427.77	4,959.64
Impairment on financial instruments	2,003.69	3,686.93
Employee benefits expenses	3,255.24	2,330.66
Depreciation and amortization	74.05	53.71
Other expenses	1,119.11	738.29
<b>Total Expenses</b>	<b>12,879.86</b>	<b>11,769.23</b>
<b>Profit before tax</b>	<b>5,119.84</b>	<b>244.26</b>
Tax Expense:		
Current Tax	1,106.06	129.77
Deferred Tax	142.33	(103.06)
<b>Profit for the year</b>	<b>3,871.45</b>	<b>217.55</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified subsequently to profit or Loss</b>		
Re-measurement gains/(loss) on defined benefit plans	4.19	2.96
Income tax effect	(1.06)	(0.74)
<b>Total Other Comprehensive Income for the year</b>	<b>3.13</b>	<b>2.22</b>
<b>Total Comprehensive Income for the year</b>	<b>3,874.58</b>	<b>219.77</b>

Net Profit Margin percentage of the Company increased from 1.81% in FY'22 to 21.51% in FY'23 due to reduction in impairment on financial instruments from ₹3686.93 Millions in FY'22 to ₹ 2,003.69 Millions in FY'23 and the return on net worth increased from 1.68% in FY'22 to 21.16% in FY'23 due to increase in net profit in FY 2022-23 to ₹3871.45 Millions from ₹217.55 Millions in FY 2021-22.

## OUTLOOK FOR 2023-24

As mentioned earlier, the sector is likely to carry forward the positive traction from the last 2 quarters of FY 22-23. NBFC MFIs will continue to lead in terms of share of the micro financing sector which as of March 23 stood at ~ 40%.

Most practitioners will continue to focus on strengthening their operational capacities and we anticipate further improvement in the portfolio performance metrics. With enhanced technology support for the front end field processes and better integration with credit bureaus especially post roll out of RBI Guidelines in March 22, we see positive traction on productivity numbers and hence improved financial metrics across the sector.



## INTERNAL CONTROL AND ITS ADEQUACY

The Company believes in maintaining a strong internal control framework and sees such a framework as an essential prerequisite for the growth of business. The Company has well-documented policies, procedures and authorization guidelines in place. Additionally, an efficient independent internal audit system is in place to conduct audit of all branches, regional offices, Corporate Office and the Head Office.

Fusion has built the management reporting and internal control systems in place, that enable it to monitor performance, strategy, operations, business environment, procedures, funding, risk and internal control.

Internal Audit in the Company is an independent unit focused on improving and enhancing the operations of the organization. It assists the Company in accomplishing its objectives by bringing in a systematic and disciplined approach to evaluate and improve the effectiveness of Company's internal control, risk management and governance processes.

The internal auditors carry out extensive audits throughout the year across all locations penetrating all functional areas and submit their reports to the Audit Committee.

## RISK AND CONCERNS

Risk management is embedded in the Company's operating framework. The Company believes that managing risks helps in maximizing returns, ensuring quality portfolio, process optimization and no surprises.

The Company has integrated risk management practices into governance and operations. Appropriate systems and tools are in place for identification, measurement, reporting and managing risks. The company follows 3 lines of defense approach for managing risks. At the first line of defense are

the various Business and Support functions, second line is made of Risk Management and Compliance function and third line of defense is the Audit function.

Risk Management policies and processes have been designed for periodic review and mitigation of all the risks faced by organization including credit risk, market risk, operational risk, reputation risk, liquidity risk, technology risk, business and strategic risk, legal and compliance risk.

Risk Management at Fusion is an enterprise-wide function backed by a qualified team of specialists with deep industry experience who develop frameworks and methodologies for assessing and mitigating risks. The Risk Management Plan forms the basis for implementation of risk management strategies and practices in detail.

## HUMAN RESOURCE

Our people are our most important assets. We are committed to hiring and retaining the best talent and

being among the industry's leading employers. For this, we focus on promoting a collaborative, transparent and participative and inclusive organization culture, and rewarding merit and sustained high performance. Our human resource management focuses on allowing our employees to develop their skills and grow in their career.

The Company has setup structured induction process for new joiners across the nation also providing management programs to upskill the employees. The Company constantly strives to strengthen our people in alignment with the business needs and continue to engage them through various initiatives in the field of learning & development opportunities, reward & recognition, employee engagement activities & career growth. The company has provided all kind of support to its people during the covid crisis, comprehensive covid policy was framed covering monetary support for tests, hospitalization, and mental well-being.

During the last two years of Covid, the company has been able to pivot and digitize end-to-end process from sourcing, recruiting, onboarding, and engaging with the people, thus removing many frictions in the process.

We are striving for gender balance as a business imperative. We know gender balance and more women in leadership roles will help us deliver sustainable growth.

## CAUTIONARY STATEMENT

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's Operations. These include climatic and economic conditions affecting demand and supply, government regulations, taxation, and natural calamities over which the Company does not have any direct control.

**By order of the Board of Directors  
For Fusion Micro Finance Limited  
(Formerly Fusion Micro Finance Private Limited)**

Sd/-  
**Devesh Sachdev**  
(MD & CEO)  
DIN: 02547111

Sd/-  
**Ratna Dharashree Vishwanathan**  
(Director)  
DIN: 07278291

Place: Gurugram

Dated: August 02, 2023

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

### 1. Brief outline on CSR Policy of the Company:

In alignment with the vision of the company, Fusion Micro Finance Limited ("FML") as its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community in fulfilment of its role as a Socially Responsible Corporate with environmental concern.

#### Objective

The main objectives of CSR Policy are:

- To directly or indirectly take up programs that benefit the communities in and around FML's workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
- To generate through its CSR initiatives, a community goodwill for FML and help reinforce a positive & socially responsible image of FML as a corporate entity and as a good Corporate Citizen.
- Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders

### 2. Composition of CSR Committee as on March 31, 2023:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	Ms. Ratna Dharashree Vishwanathan	Chairperson	4	4
ii.	Mr. Devesh Sachdev	Member	4	4
iii.	Mr. Pankaj Vaish	Member	4	4

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

: **Composition of CSR Committee:**

<https://fusionmicrofinance.com/investor-relations-2/>

**CSR Policy:**

<https://fusionmicrofinance.com/corporate-governance#policies>

**CSR Projects:**

<https://fusionmicrofinance.com/pdf/CSR-DetailedDocument.pdf>

4. The executive summary along with web-link(s) of CSR projects carried out in pursuance of sub-rule (3) of rule 8 if applicable.

: **Not Applicable**

5. (a) Average net profit of the company as per section 135(5): ₹49,80,71,769

(b) Two percent of average net profit of the company as per section 135(5): ₹99,61,435

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹99,61,435

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹1,51,75,132  
 (b) Amount spent in Administrative Overheads: ₹3,25,010  
 (c) Amount spent on Impact Assessment, if applicable: **Not Applicable**  
 (d) Total Amount spent for the financial Year [(a)+(b)+(c)]: ₹1,55,00,142  
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer
1,55,00,142	Nil		Not Applicable		

- (f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	99,61,435
(ii)	Total amount spent for the Financial Year	1,55,00,142
(iii)	Excess amount spent for the financial year [(ii)-(i)]	55,38,707
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	55,38,707

7. Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility Amount spent in the Financial Year: **No**
9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: **Not Applicable**

By order of the Board of Directors  
 For Fusion Micro Finance Limited  
 (Formerly Fusion Micro Finance Private Limited)

Sd/-  
**Devesh Sachdev**  
 (MD & CEO)  
 DIN: 02547111

Sd/-  
**Ratna Dharashree Vishwanathan**  
 Chairperson of CSR Committee  
 DIN: 07278291

Place: Gurugram

Dated: August 02, 2023



**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT FY2023****SECTION A: GENERAL DISCLOSURES****I. Details of the listed entity**

1.	Corporate Identity Number (CIN) of the Listed Entity:	L65100DL1994PLC061287
2.	Name of the Listed Entity:	Fusion Micro Finance Limited
3.	Year of incorporation:	1994
4.	Registered office address:	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi - 110028
5.	Corporate address:	Plot no. 86, Institutional Sector 32, Gurugram, Haryana - 122001
6.	E-mail:	deepak.madaan@fusionmicrofinance.com, companysecretary@fusionmicrofinance.com
7.	Telephone:	0124-6910500/600
8.	Website:	<a href="http://www.fusionmicrofinance.com">www.fusionmicrofinance.com</a>
9.	Financial year for which reporting is being done:	FY 2022-23
10.	Name of the Stock Exchange(s) where shares are listed:	NSE & BSE
11.	Paid-up Capital:	₹1,006,307,350/-
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	<b>Name and Designation:</b> Mr. Deepak Madaan, Company Secretary & Chief Compliance Officer <b>Contact Details:</b> 01246910500 <b>Email:</b> deepak.madaan@fusionmicrofinance.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):	Standalone Basis

**II. Products/services****14. Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial Service	Microfinance and related activities	100%

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Microfinance and related activities	64990	100%

**III. Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices (branches as on 31 <sup>st</sup> March, 2023)	Total
National	Not Applicable*	1086	1086
International	Not Applicable*	Nil	Nil

\*Our company provides financial services and does not undertake any manufacturing activity.

#### 17. Markets served by the entity:

##### a. Number of locations

Locations	Nuber
National (No. of States)	20
International (No. of Countries)	Not Applicable as the company serves only in India

##### b. What is the contribution of exports as a percentage of the total turnover of the entity? Not Applicable.

##### c. A brief on types of customers

- Women in Rural / Peri – Urban parts of the country with Annual Household income not exceeding ₹ 3 Lacs ( \$ 3800 @ ₹ 79 = 1 USD ). 93% of our portfolio is in the Rural Parts of the country.
- Purpose for Loan: Income Generation Loans which help them contribute towards their Household Income and in turn helps improve the living standards of the family.
- Nature of Livelihood Activity: Broadly the categories are Agri & Allied, Animal Husbandry, Crafts/Cottage Industry items manufacture, Selling/Making daily consumables in the village.

#### IV. Employees

#### 18. Details as at the end of Financial Year:

##### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	10363	10023	96.7%	340	3.28%
2.	Other than Permanent (E)	Nil	Nil	Nil	Nil	Nil
3.	Total employees (D + E)	10363	10023	96.7%	340	3.28%
<b>WORKERS</b>						
4.	Permanent (F)			N.A.		
5.	Other than Permanent (G)			N.A.		
6.	Total workers (F + G)			N.A.		

##### b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)			Nil		
2.	Other than Permanent (E)			Nil		
3.	Total differently abled employees (D + E)			Nil		
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)			N.A.		
5.	Other than permanent (G)			N.A.		
6.	Total differently abled workers (F + G)			N.A.		

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	2	33.33%
Key Management Personnel	3	Nil	Nil

20. Turnover rate for permanent employees and workers

	FY 2023 (Turnover rate in current FY)			FY 2022 (Turnover rate in previous FY)			FY 2021 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	34.12%	0.85%	34.97%	30.58%	0.80%	31.38%	27.43%	0.63%	28.06%
Permanent Workers	N.A.								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Not Applicable				

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

- (i) Turnover for FY2023 (₹ In Million)- 17,419.23
- (ii) Net worth for FY2023 (₹ In Million)- 23,219.19



## VII. Transparency and Disclosures Compliances

### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes Website: <a href="https://fusionmicrofinance.com">https://fusionmicrofinance.com</a>	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)		Nil	Nil	Nil	Nil	Nil	Nil
Shareholders		44	0	Nil	Nil	Nil	Nil
Employees and workers		Nil	Nil	Nil	Nil	Nil	Nil
Customers		Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners		Nil	Nil	Nil	Nil	Nil	Nil

### 24. Overview of the entity's material responsible business conduct issues

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Customer Experience	Risk	The Company provides financial services to millions of rural public where customer experience holds the critical role in our Business. Any undesirable customer experience could result in losing customers and may also hamper the public image of the company.	The Company has always strived to provide customers with a seamless experience by listening to them and driving continuous transformation. In daily operations, ethics, transparency, fair practices, and accountability are deeply ingrained and practiced.	Negative. Loss of reputation may lead to customer loss, which would be detrimental to company.
2.	Financial inclusion	Opportunity	The reach of financial services is still not completely penetrated in Rural Areas in India.	Distribution networks and the use of cutting-edge technological solutions are used to reach customers and create an easy customer experience.	Positive Distribution capabilities create opportunity for the Company.

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	The Corporate policies of the Company can be viewed at weblink <a href="https://fusionmicrofinance.com/corporate-governance#policies">https://fusionmicrofinance.com/corporate-governance#policies</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. The Company’s Code of Conduct largely imbibes the above-mentioned principles and the Company strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources.								
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 27001								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company strives to be a socially responsible organisation creating a meaningful long-term impact in the lives of customers, employees, communities, and various stakeholders. The Company has ensured that its processes and controls are aligned with the principles of sustainable business practices.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Company actively tracks the progress against the action plan to ensure complete compliance with the established norms.								

**Disclosure Questions**

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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**Governance, leadership and oversight**

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements**

Please refer the message of Managing Director & CEO of the company at the beginning of the Annual report of FY 2022-23.

**8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).**

DIN : 02547111  
Name : Mr Devesh Sachdev  
Designation : Managing Director and Chief Executive Officer

**9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.**

Yes.  
The board of directors and senior management of the Company monitor various aspects of social, environmental, governance and economic responsibilities of the Company on a continuous basis. The performance of the Company from a perspective of business responsibility is assessed by the following committees of the board:  
(i) the Corporate Social Responsibility Committee; and  
(ii) the Stakeholders Relationship Committee.  
In addition, the Risk Management Committee and the IT Strategy Committee also assesses risks pertaining to certain principles of business responsibility and sustainability.

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	All the policies of the Company are reviewed periodically or on a need basis by department heads, business heads, senior management personnel/ respective committees and placed before the Board of Directors as and when required.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The company is in compliance with all the statutory requirements, as applicable.																	

**11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
No. The Evaluation and independent assessment is a continuous process and is done internally, by the company.								

**12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: Not Applicable**



**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

**Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	1) SEBI (Prohibition of Insider Trading) Regulations, 2015 and 2) Strategic levers for Digitalization in Micro Finance Business.	100%
Key Managerial Personnel			100%
Employees other than Board of Directors and KMPs	9	Based on Induction & Refresher Trainings <ul style="list-style-type: none"> <li>▪ About Fusion &amp; Microfinance Finance</li> <li>▪ HR Policies, Benefits, COC and POSH</li> <li>▪ Product &amp; Business Processes &amp; Policies</li> <li>▪ Regulators, MFIN COC, CPC, FPC</li> <li>▪ Soft Skills</li> <li>▪ Business Application – mSHAKTI &amp; Web- Shakti</li> <li>▪ Role &amp; Career Path</li> <li>▪ Capability Building</li> <li>▪ SEBI (Prohibition of Insider Trading) Regulations, 2015</li> </ul>	<ul style="list-style-type: none"> <li>▪ New &amp; Old RO – More than 80%</li> <li>▪ BM – 80%</li> <li>▪ Collection Officer – 90%</li> </ul>
Workers	Not Applicable		

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred?
Penalty/ Fine	Not Applicable	Bombay Stock Exchange	₹1,15,640/- (inclusive of GST)	Non disclosure of line items prescribed under Regulation 52(4), non submission of the financial results for the quarter and half year ended September30, 2022 under Regulation 52(1) and Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs under Regulation 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	No
	Not Applicable	Bombay Stock Exchange	₹23,600/- (inclusive of GST)	Delay in submission of the notice of Record Date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has applied for waiver and the same is pending with the stock exchange yet.	No
	Not Applicable	Bombay Stock Exchange	₹13,21,600/-	Nondisclosure of information related to payment obligations under Regulations 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has applied for waiver and the same is pending with the stock exchange yet.	No
	Not Applicable	Bombay Stock Exchange	₹11,800/- (inclusive of GST)	Delay in submission of the notice of Record Date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has applied for waiver and the same is pending with the stock exchange yet.	No
Settlement	NIL				
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case		Has an appeal been preferred?
Imprisonment	Not Applicable				
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
In respect of delay in submission of the notice of Record Date under Regulation 60(2) and payment obligations under Regulations 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015: Waiver Application Filed and the same is pending with the Stock Exchange.	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. Fusion Micro Finance Limited is committed to implementing and maintaining the highest standard of corporate governance, fiduciary duty, responsibility and ethical behavior. It provides an environment where open and honest communication is the norm. This policy is available at the website of the company at <https://fusionmicrofinance.com/corporate-governance#policies>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023	FY 2022
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 2023 (Current Financial Year)		FY 2022 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	-	NIL	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	-	NIL	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable.

**Leadership Indicators**

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
NIL		

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

In compliance with the SEBI Listing Regulations, the Board of Directors of the Company has laid down the Code of Conduct for the Board and the senior management personnel of the Company. The Board from time-to-time review and update the Code of Conduct as per prevailing relevant laws as applicable. Further, the Corporate Governance framework adopted by the Company



consists of having Independent Directors on the Board, the separation of the Board's supervisory role from the management of the Company, the constitution of the various committees of the Board comprises of Independent Directors as Chairpersons. Further, as per the applicable provisions, the Directors do not participate in discussions on agenda items in which they are interested.

**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D		Nil	
Capex		Nil	

2.
  - a. Does the entity have procedures in place for sustainable sourcing? Yes, the procurement at Branch Level is processed from local / nearby vendors / suppliers.
  - b. If yes, what percentage of inputs were sourced sustainably? 100% procurement at Branch Level is processed from local / nearby vendors / suppliers.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company, being an NBFC-MFI, provide financial services to its customers and is not a manufacturing entity. Hence, the process to safely reclaim the above stated products is not applicable on the Company.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Based on the nature of the Business, the same is not applicable on the Company.

**Leadership Indicators**

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same. Not applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry). Not applicable
4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed. Not applicable
5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category. Not applicable

**PRINCIPLE 3:** Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	10023	2405	23.99%	9286	92.65%	Nil	Nil	912	9.10%	N.A.	N.A.
Female	340	99	29.12%	228	67.06%	7	2.06%	Nil	Nil	N.A.	N.A.
<b>Total</b>	<b>10363</b>	<b>2504</b>		<b>9514</b>		<b>7</b>		<b>912</b>		<b>N.A.</b>	
<b>Other than Permanent employees</b>											
Male										N.A.	N.A.
Female										N.A.	N.A.
<b>Total</b>										N.A.	N.A.

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male										N.A.	N.A.
Female										N.A.	N.A.
<b>Total</b>										N.A.	N.A.
<b>Other than Permanent employees</b>											
Male										N.A.	N.A.
Female										N.A.	N.A.
<b>Total</b>										N.A.	N.A.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.89%	N.A.	Yes	99.81%	N.A.	Yes
Gratuity	100%	N.A.	N.A.	100%	N.A.	N.A.
ESI	79.59%	N.A.	N.A.	76.52%	N.A.	N.A.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard: Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. The Company has an equal opportunity and non-discrimination policy. The Organization does not differentiate between gender, race, color, caste, religion or any other factor. This policy is available on the website of the company at <https://fusionmicrofinance.com/corporate-governance#policies>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	72.25%	NA	
Female	100%	71.43%	NA	

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Permanent Workers: Not Applicable

Other than Permanent Workers : Not Applicable

Permanent Employees: FMFL Grievance Policy is in place to resolve employee queries

Other than Permanent Employees: Not Applicable

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees /workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>						
-Male						N.A.
-Female						N.A.
<b>Total Permanent Workers</b>						
-Male						N.A.
-Female						N.A.

8. Details of training given to employees and workers:

Category	FY 2023 (Current Financial Year)					FY 2022 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
-Male	9625	7705	80%	9625	100%	6281	5225	83%	6281	100%
-Female	221	221	100%	0	0	37	37	100%	0	-
<b>Total</b>	<b>9846</b>	<b>7926</b>	<b>-</b>	<b>9625</b>	<b>-</b>	<b>6318</b>	<b>5262</b>	<b>-</b>	<b>6281</b>	<b>100%</b>
<b>Workers</b>										
-Male										
-Female										N.A.
<b>Total</b>										



9. Details of performance and career development reviews of employees and worker:

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Total	Number	%age	Total	Number	%age
	A	B	(B/A)	C	D	(D/C)
<b>Employees</b>						
-Male	10023	6405	63.90%	8517	5060	59.41%
-Female	340	180	52.94%	199	127	63.82%
<b>Total</b>	<b>10363</b>	<b>6585</b>		<b>8716</b>	<b>5187</b>	
<b>Workers</b>						
-Male						N.A.
-Female						N.A.
<b>Total</b>						N.A.

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? If yes, the coverage such system? Yes. Through various sessions of Trainings & Workshops the employees are made aware of Occupational Health and Safety Measures. Furthermore, Branches & Office Locations are regularly audited for analyzing real-time variances, to address them at the earliest and take corrective actions, if required.
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? Not Applicable
- Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. Not Applicable
- Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? Yes

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023	FY 2022
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NIL	NIL
	Workers	N.A.	N.A.
Total recordable work-related injuries	Employees	NIL	NIL
	Workers	N.A.	N.A.
No. of fatalities	Employees	NIL	NIL
	Workers	N.A.	N.A.
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NIL	NIL
	Workers	N.A.	N.A.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Through various sessions of Trainings & Workshops the employees are made aware of Occupational Health and Safety Measures. Furthermore, Branches & Office Locations are regularly audited for analyzing real-time variances, to address them at the earliest and take corrective actions, if required.

13. Number of Complaints on the following made by employees:

	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions			NIL			
Health & Safety			NIL			

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	The Company endeavors to provide safe, hygienic, sanitized environment, to ensure the overall health & safety of the employees. Regular audits by internal teams are conducted to ensure the upkeep of working conditions besides complying with health & safety measures.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No such safety related incident occurred which required any corrective action.

**Leadership Indicators**

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (B) Workers. (A) Yes, all employees are covered under Group Term Life Policy of the Company. In the event of Death, the family is covered appropriately, as per eligibility criteria's. (B) Not Applicable
- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners. All the Statutory Dues are being paid on time to the concerned Departments.
- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities who have been or are being rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2023 (Current Financial Year)	FY2022 (Previous Financial Year)	FY2023 (Current Financial Year)	FY2022 (Previous Financial Year)
Employees	NIL	NIL	NIL	NIL
Workers	N.A.	N.A.	N.A.	N.A.

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? Yes. However, there have been no cases of retirement or layoffs in the company so far.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business donewith such partners) that were assessed
Health and safety practices	The Company holds the expectation from all the value chain partners to adhere with the applicable provisions encompassing the health & safety measures and providing favorable working conditions to their workforce.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

– No such incident occurred which required any corrective action.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company is engaged in providing financial services to women entrepreneurs belonging to the economically and socially deprived section of the society. The key stakeholders of the Company are shareholders, investors, customers, Government and regulators, Employees, Society.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder and Investor	No	Quarterly results, Investor presentations, Annual Report, Annual General Meeting, Investor/analysts calls and meet, Media releases, Website.	Ongoing engagement with at least one engagement on a quarterly basis	To answer investor queries on financial performance, To present business performance highlights to investors, To discuss publicly available Company information to shareholders and investors
Customer	No	Multiple channels – physical and digital	Frequent and need-based	Servicing throughout the lifecycle of the customer and address queries/ grievances that the customer may have at any time.
Government and Regulators	No	Meetings with key regulatory bodies, Written communications, Presentations, Industry associations.	Need-based	Seeking clarifications and relaxation, communicating challenges and providing recommendations, knowledge sharing, regulatory inspections and queries.
Employees	No	Multiple channels – physical and digital	Frequent and need-based	To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth.
Society	Yes, with regard to the general public for which the CSR activities of the Company are implemented.	Multiple channels – physical and digital	Frequent and need-based	To promote social welfare activities for inclusive growth, fair and equitable development and wellbeing of society through our business functioning

**Leadership Indicators**

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The senior management team is in regular communication with the stakeholders and any feedback received from the stakeholders, if required by any provisions of applicable laws, is communicated to the Board as a part of business performance updates on a quarterly basis.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

There were no specific observations made by any stakeholder during the financial year.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Company through their CSR policy have taken up various initiatives and activities for the benefit of different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons.

**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	Total (A)	No. of employees workers covered (B)	% (B / A)	Total (C)	No. of employees workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	10363	10363	100%	8716	8716	100%
Other than permanent	N.A.					
Total Employees						
<b>Workers</b>						
Permanent	N.A.					
Other than permanent	N.A.					
Total Workers	N.A.					



2. Details of minimum wages paid to employees and workers, in the following format:

Minimum Wages – All employees of the Company are paid compensation as per Minimum Wages applicable, as per Law.

Category	FY 2023 Current Financial Year					FY2022 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
<b>Employees</b>										
Permanent										
Male	10023	236	2.35%	9787	97.65%	8517	1511	17.74%	7006	82.26%
Female	340	1	0.29%	339	99.71%	199	31	15.58%	168	84.42%
<b>Total</b>	<b>10363</b>	<b>237</b>		<b>10126</b>		<b>8716</b>	<b>1542</b>		<b>7174</b>	
<b>Other than Permanent</b>										
Male										N.A
Female										N.A
<b>Workers</b>										
Permanent										
Male										N.A
Female										N.A
<b>Other than Permanent</b>										
Male										N.A
Female										N.A

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors	4	18,71,536	2	Nil
Key Managerial Personnel (KMP)	3	5,87,495	Nil	Nil
Employees other than Board of Directors and KMP	10,020	13,200	Nil	Nil
Workers	Nil	Nil	Nil	Nil

Note: KMPs are MD & CEO, CFO and CS

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes, the company have Toll Free Number for resolving all types of grievances of employees. a Toll Free Number for resolving all types of grievances of employees.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues. The company has a well defined grievance redressal mechanism in place for its employees, where they can report their concerns and seek redressal for the same. The company has also laid down the principles of equal opportunities, anti-corruption, anti-bribery, fair & transparent

employment practices, prohibition of child & forced labour, safe & healthy work environment, tobacco, alcohol & drug free workplace among others.

**6. Number of Complaints on the following made by employees and workers:**

	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment			NIL			
Discrimination at workplace			NIL			
Child Labour			NIL			
Forced Labour/Involuntary Labour			NIL			
Wages			NIL			
Other human rights related issues			NIL			

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The company has Prevention of Work Harassment Policy in place to address the same.

**8. Do human rights requirements form part of your business agreements and contracts?**

The Company strives to inculcate the values related to human rights, in its policies applicable at all levels of the organization and engagements with all of its stakeholders.

**9. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	The Company is in compliance with the provisions of applicable laws.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above. Not Applicable.**

**Leadership Indicators**

- Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**  
There have been no human rights grievances / complaints warranting modification / introduction of business processes.
- Details of the scope and coverage of any Human rights due-diligence conducted.** Not Applicable.
- Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with**

Disabilities Act, 2016? Yes

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Company holds the expectation from all the value chain partners to adhere with the provisions of applicable laws.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No such instance has been reported to the company by value chain partners, which required any corrective action.

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total electricity consumption (A) (in GJ)*	1316.08	1105.12
Total fuel consumption (B)	NIL	NIL
Energy consumption through other sources ©	NIL	NIL
Total energy consumption (A+B+C) (in GJ)	1316.08	1105.12
Energy intensity per million of total revenue from operations (Total energy consumption/ total revenue from operations in million)	0.07	0.09

Energy consumption of Head office and Corporate office is considered.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.** Not Applicable

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. Not Applicable

3. Provide details of the following disclosures related to water, in the following format: Not Applicable

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. :** Not applicable

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. Not Applicable

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: Not Applicable

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. :** Not applicable

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format: Not Applicable

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency. Not Applicable

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details. The Company has undertaken a plantation initiative as part of Corporate Social Responsibility with the aim of growing greenery and improving the environment. Fruit and medicinal saplings were planted across villages, government schools, aanganwadi centres, panchayat offices, and public spaces in Haridwar, Uttarakhand. The extensive area covered by this effort is intended to enhance air quality, sustain the ecosystem, and bring benefits to the communities..

8. Provide details related to waste management by the entity. Not Applicable

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes. Given the nature of the business, there is no usage of hazardous and toxic chemicals by in the company

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format: Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: Not Applicable

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: Not Applicable

**Leadership Indicators**

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	NIL	NIL
Total fuel consumption (B)	NIL	NIL
Energy consumption through other sources (C)	NIL	NIL
Total energy consumed from renewable sources (A+B+C)	NIL	NIL
From non-renewable sources		
Total electricity consumption (D)	1316.08	1105.12
Total fuel consumption (E)	NIL	NIL
Energy consumption through other sources (F)	NIL	NIL
Total energy consumed from non-renewable sources (D+E+F)	1316.08	1105.12

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not Applicable



2. Provide the following details related to water discharged: Not Applicable
3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Not Applicable
4. Please provide details of total Scope 3 emissions & its intensity, in the following format: Not Applicable
5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities. Not Applicable
6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format: Not Applicable
7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.  
The Company has a comprehensive business continuity plan and disaster recovery management. There is a separate DR environment and defined RTO and RPO. All the required resources are in place and clear roles and responsibilities are assigned to team members. Broadly, there are three teams, Emergency Response Team, Disaster Recovery Team and Business Recovery Team to manage any disaster situation. Also, there is a yearly DR drill.
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard. Given the nature of the business, there has been no adverse impact to the environment.
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. Not Applicable

**PRINCIPLE 7** Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations.  
The company is a member of 1 trade and industry chambers/associations.
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Microfinance Institutions Network (MFIN)	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.  
NIL

**Leadership Indicators**

1. Details of public policy positions advocated by the entity: NIL

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development****Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/ No)	Relevant Web link
N.A.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts No.	paid to PAFs in the FY (In ₹)
Nil							

3. Describe the mechanisms to receive and redress grievances of the community. Fusion Micro Finance Limited has provided mechanisms to receive and redress grievances of various stakeholders. Details of such mechanisms is available on the website of the company at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).
4. Percentage of input material (inputs to total inputs by value) sourced from suppliers: Not Applicable

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
N.A.	NA.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S.No	State	Aspirational District	Amount spent (In ₹)
1	Bihar	Araria, Gaya, Jamui, Katihar, Purnia, Sheikhpura	2,94,973
2	Gujarat	Dahod	1,07,309
3	Jharkhand	Chatra, Dumka, Pakur, Palamu, Ranchi, Sahebganj	4,10,852
4	Madhya Pradesh	Damoh, East Nimar, Guna, Vidisha	2,68,247
5	Odisha	Kalahandi	11,65,860
6	Rajasthan	Baran	25,913
7	Tamil Nadu	Ramanathapuram	1,09,322
8	Uttar Pradesh	Sonbhadra	58,324
9	Uttarakhand	Haridwar, Udham Singh Nagar	10,17,195

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? Not Applicable
- (b) From which marginalized /vulnerable groups do you procure? Not Applicable
- (c) What percentage of total procurement (by value) does it constitute? 100% procurement at Branch Level is processed from local / nearby vendors.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Intellectual Property based on Traditional knowledge		Owned/Acquired (yes/No)	Benefit Shared (Yes/No)	Basis of Calculating Benefit share
Application No:	1926480	Owned	No	N/A
Class:	36			
Journal No.	1687			
Status:	Registered			

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of Authority	Brief of case	Corrective Action
None	N/A	N/A

6. Details of beneficiaries of CSR Projects:

S.No	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	<b>Promoting Education</b> <ul style="list-style-type: none"> <li>Financial and Digital Literacy program for rural communities</li> <li>Scholarship Program for underprivileged girls</li> <li>Stationery Distribution for rural children</li> </ul>	14,629	100%, since the objective of CSR programs of the company is to reach out and benefit underprivileged, vulnerable, and marginalized communities.
2	<b>Promoting Health</b> <ul style="list-style-type: none"> <li>Health Check-up</li> <li>Mobile Medical Van</li> <li>Wheelchair Distribution</li> <li>Eyecare project</li> <li>Menstrual Hygiene Management</li> </ul>	22,331	
3	<b>Promoting Livelihood</b> <ul style="list-style-type: none"> <li>Agricultural Initiative for farmers</li> </ul>	100	
4	<b>WASH</b> <ul style="list-style-type: none"> <li>Waterwheel provided to marginalized community</li> <li>Water purifier facilities in govt. schools</li> </ul>	1,975	
5	<b>Relief and Welfare</b> <ul style="list-style-type: none"> <li>Support to flood victims</li> </ul>	15,208	
6	<b>Environmental Sustainability</b> <ul style="list-style-type: none"> <li>Plantation drive</li> </ul>	18,500	
7	<b>Promoting Sports</b> <ul style="list-style-type: none"> <li>Support to National Athletes</li> <li>Sports activity at the govt school</li> </ul>	304	

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The broad principles kept in view in framing a customer complaint resolution mechanism are as under:

- Customers are served with courtesy, respect, transparency and timely redressal.
- Customers must be treated with fairly manner.
- Complaints are addressed within a reasonable time frame and to the satisfaction of the customers.
- Strategies are in place to improve customer service on a continuous basis to minimize the scope for grievances.

Further, as part of excellence in Customer Service the Fair Practices Code in vernacular language shall be suitably displayed in all the branches and Head office. This is designed to provide proactive, timely and satisfactory resolution to customer issues. A grievance can be considered as finally resolved normally only after the customer gives a communication to that effect either in writing or over telephone

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**  
Not Applicable

**3. Number of consumer complaints in respect of the following:**

	FY 2023 (Current Financial Year)		Remarks	FY2022 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	NIL	NIL	NIL	NIL	NIL	NIL
Advertising	NIL	NIL	NIL	NIL	NIL	NIL
Cyber-security	NIL	NIL	NIL	NIL	NIL	NIL
Delivery of essential services	NIL	NIL	NIL	NIL	NIL	NIL
Restrictive Trade Practices	NIL	NIL	NIL	NIL	NIL	NIL
Unfair Trade Practices	NIL	NIL	NIL	NIL	NIL	NIL
Other	1886	61		1214	21	NIL

**4. Details of instances of product recalls on account of safety issues:** Not Applicable

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

NIL

**Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information relating to products and other services is available on company's website at [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)



**2. Steps taken to inform and educate consumers about safe and responsible usage of services:**

Every customer has to mandatorily go through a training module called CGT (Compulsory Group Training) wherein the customers are made aware of all details, terms and conditions, modalities, usage related to the loan product that they are availing from Fusion and in addition, also to the modalities as mandated under the Joint Liability Group lending model, conduct of centre meetings, credit discipline relevance and importance etc.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:**

All customers are assigned a designated Relationship Officer who is their SPOC (Single Point of Contact) right from the time of loan sourcing to collections. Secondly, given that all customers are required to mandatorily mention their contact numbers in the Loan Application Form, sms or whatsapp campaigns apprising them of any special / urgent event can be run. Additionally, the customers' loan cards carry the toll free help line number and they can also reach out to us in case of any such event.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Company does not have a tangible / physical product. The Company is in the business of providing financial services and details of our offerings are available on our website.

**5. Provide the following information relating to data breaches:**

- a. Number of instances of data breaches along-with impact - NIL
- b. Percentage of data breaches involving personally identifiable information of customers - NIL

**STATEMENT OF INFORMATION TO BE FURNISHED PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 ("THE ACT") READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

S. No.	PARTICULARS	DISCLOSURES
(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director & CEO: <b>77/ 1</b>
(ii)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Increase in Remuneration:</b> Chief Executive Officer: 10% Chief Financial Officer: 10% Company Secretary: 12%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	9.06% (for the financial year 22 – 23)
(iv)	the number of permanent employees on the rolls of company as on March 2023;	10,363
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was 9.06% and the average increase in the managerial remuneration (CEO, CFO & CS) was 10.66%.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

**STATEMENT OF INFORMATION TO BE FURNISHED PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 ("THE ACT") READ WITH RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**A. The detail of top ten employees in terms of remuneration drawn is as follows:**

Employee Name	Designation	Qualification	Remuneration Received	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/manager
Devesh Sachdev	Managing Director & Chief Executive Officer	MBA	45,631,066	Full time employment	01-Jan-10	50	26	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer - MFI	MBA	*12,851,550	Full time employment	19-Jun-17	53	31	SBI Cards	No
Kamal Kumar Kaushik	Chief Operating Officer - MFI	CA	10,124,572	Full time employment	22-Jul-19	50	23	Religare Housing Development Finance.	No
Gaurav Maheshwari	Chief Financial Officer	CA, MBF	*9,483,415	Full time employment	03-Feb-16	44	19	Avantha Group	No
Ankush Ahluwalia	Senior Vice President	MBE	8,680,062	Full time employment	03-Aug-15	44	20	Magma Fincorp Ltd.	No

Deepak Madaan	Chief Compliance Officer	CS	*5,320,766	Full time employment	01-Jun-13	36	15	Almondz Capital and Management Services Ltd.	No
Sanjay Vishwanath Choudhary	Chief Risk Officer	CA	5,124,422	Full time employment	02-Sep-20	47	24	Satin Credit Care	No
Naveen Kumar Mangle	Chief Technology Officer	MBA	*5,095,091	Full time employment	17-Sep-19	45	20	Aviva Life Insurance	No
Satish Mani	Senior Vice President	B. Com	4,887,878	Full time employment	08-Apr-15	51	29	GE Commercial Finance	No
Praveen Kumar	Deputy Vice President	MBA	4,303,379	Full time employment	12-Jan-15	48	19	Arohan Financial Service Pvt. Ltd.	No

\*Excluding one-time bonus

#### B. Name of every employee of the company who –

- a. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one Crore and two Lakh rupees: Mr. Devesh Sachdev, Managing Director & CEO and Mr. Tarun Mehndiratta, Chief Operating Officer – MFI.

Employee Name	Designation	Qualification	Remuneration Received	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/manager
Devesh Sachdev	Managing Director & Chief Executive Officer	MBA	45,631,066	Full time employment	01-Jan-10	50	26	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer - MFI	MBA	*12,851,550	Full time employment	19-Jun-17	53	31	SBI Cards	No

\*Excluding one-time bonus

- b. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakh and fifty thousand rupees per month: Nil
- c. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: Nil

**By order of the Board of Directors  
For Fusion Micro Finance Limited  
(Formerly Fusion Micro Finance Private Limited)**

Sd/-  
**Devesh Sachdev**  
(MD and CEO)  
DIN: 02547111

Sd/-  
**Ratna Dharashree Vishwanathan**  
(Director)  
DIN: 07278291

Place: Gurugram  
Dated: August 02, 2023

# INDEPENDENT AUDITOR'S REPORT

To The Members of Fusion Micro Finance Limited

Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Fusion Micro Finance Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section

143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Impairment of financial instruments (including provision for expected credit loss)</b> <b>(As described in note 2.7 of the financial statements)</b></p> <p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p>	<p>Principal audit procedures performed:</p> <p>We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing portfolio and their business models. We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost.</p> <p>Additionally, we have also confirmed that adjustments to the output of the ECL model is consistent with the documented rationale and the amount of adjustment has been approved by the Board of Directors</p>





Sr. No.	Key Audit Matter	Auditor's Response
	<p>In the process, a significant degree of judgement has been applied by the management for:</p> <ol style="list-style-type: none"> <li>Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'.</li> <li>Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis.</li> <li>Estimating recoveries to determine loss given default on a collective basis for loans that have defaulted.</li> <li>Determining effect of less frequent past events on future probability of default.</li> </ol>	<p>Our audit procedures related to the allowance for ECL included the following, among others:</p> <ul style="list-style-type: none"> <li>Evaluation of the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages;</li> <li>Involvement of Risk Advisory Specialist for review of stage classification of Loan portfolio;</li> <li>Involvement of Internal Expert for evaluation and understanding of the model adopted by the Company for calculation of expected credit losses including the appropriateness of the data on which the calculation is based;</li> <li>We have tested, on samples basis, the input and historical data used for determining the PD and LGD rates, model validation and agreeing the data with the underlying books of account and records;</li> <li>We evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company with the help of risk advisory specialist.</li> <li>We also tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model tested that the adjustment is in conformity with the amount approved by the Board of Directors.</li> <li>We also assessed the adequacy of disclosures made in relation to the ECL allowance in accordance with confirm compliance with the provisions of Ind AS 107.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis and Board's Report including Annexures to Board Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, referred to in the Other Matters section above we report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The observation relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigation which would impact its financial position- Refer Note 50 (d) to the financial statements.

- ii. The Company did not have any long-term contract including derivative contract for which there were any material foreseeable losses. - Refer Note 50 (e) to the financial statements.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-  
**Jitendra Agarwal**  
(Partner)  
(Membership No. 87104)  
(UDIN: 23087104BGYKXT3759)

Place: Gurugram  
Date: 22 May 2023



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Fusion Micro Finance Limited (“the Company”) as of 31 March, 2023 in conjunction with our audit of Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls

with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal

control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-  
**Jitendra Agarwal**  
(Partner)  
(Membership No. 87104)  
(UDIN: 23087104BGYKXT3759)

Place: Gurugram  
Date: 22 May 2023

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)
  - (a)
    - A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
    - B. The Company has maintained proper records showing full particulars of intangible assets.
  - (b) Some of the Property, Plant and Equipment, Capital work-in-progress, and Right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, Capital work-in-progress, and Right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification, however reconciliation between physical and book records is in progress.
  - (c) The Company does not have any immovable properties and hence reporting under clause (i) (c) of the Order is not applicable.  
In respect of immovable properties that have been taken on lease and disclosed in the financial statements as 'ROU asset' as at the balance sheet date, the lease agreements are duly executed in favour of the Company.
  - (d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)
  - (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.
  - (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii)
  - (a) The Company's principal business is to give loans, and hence reporting under clause (iii)(a) of the Order is not applicable.
  - (b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

- (c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated. Note 6 to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at 31 March, 2023, aggregating ₹2,888.99 million were categorised as credit impaired ("Stage 3") and ₹602.49 million were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 6 to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating ₹80,050.72 million, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delay in the repayment of interest and/or principal in respect of loans aggregating to ₹54.43 million were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.
- (d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹2,888.99 million. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.
- (e) The Company's principal business is to give loans, and hence reporting under clause (iii)(e) of the Order is not applicable.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company being Non-Banking Finance Company registered with the Reserve Bank of India (the "RBI"), provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company and no order has been passed by the RBI or any Court or any other Tribunal against the Company in this regard
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident fund, Employees' State Insurance, Income-tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, Cess and other material statutory dues in arrears as at 31 March, 2023 for a period of more than six months from the date they became payable.
- (b) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state, there are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on 31 March, 2023.
- (viii) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:
- (a) the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On overall examination of the financial statements of the Company, the Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix) (e) of the Order is not applicable.
- (f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.
- (x) (a) In our opinion, moneys raised by way of initial public offer (including debt instruments) during the year, have been, prima facie, applied by the Company for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:
  - (a) No fraud by the Company and no material fraud of the Company has been noticed or reported during the year.
  - (b) no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - (c) as represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that in our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:
  - (a) in our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - (b) we have considered, the internal audit reports issued to the Company during the year and draft of the internal audit reports issued after the balance sheet date, for the period under audit.
- (xv) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that, the Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.
- (b) During the year, the Company has not conducted any Non-Banking Financial activities or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934.



- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that, the Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Sd/-  
**Jitendra Agarwal**  
(Partner)  
(Membership No. 87104)  
(UDIN: 23087104BGYKXT3759)

Place: Gurugram  
Date: 22 May 2023

## Balance Sheet

as at March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	9,503.61	10,113.72
Bank balance other than cash and cash equivalents	4	1,146.66	1,422.26
Trade receivables	5	143.81	42.53
Loans	6	80,415.58	59,181.94
Other financial assets	7	969.20	565.05
Derivative financial instrument	14	1.39	-
<b>Total financial assets</b>		<b>92,180.25</b>	<b>71,325.50</b>
<b>Non-financial Assets</b>			
Current tax assets (net)	8	383.57	353.61
Deferred tax assets (net)	9	777.46	867.56
Property, plant and equipment	10	132.80	122.04
Capital work-in-progress	10	2.51	-
Right of use asset	11	76.58	69.17
Intangible assets	12	0.23	0.71
Other non-financial assets	13	81.97	166.23
<b>Total non-financial assets</b>		<b>1,455.12</b>	<b>1,579.32</b>
<b>Total assets</b>		<b>93,635.37</b>	<b>72,904.82</b>
<b>Liabilities &amp; Equity</b>			
<b>Financial liabilities</b>			
Derivative financial instrument	14	-	77.11
Trade payables	15		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		813.95	374.39
Debt securities	16	6,288.00	7,837.76
Borrowings (other than debt securities)	17	60,366.08	48,294.66
Subordinated liabilities	18	1,129.91	1,625.67
Other financial liabilities	19	1,576.96	1,136.52
<b>Total financial liabilities</b>		<b>70,174.90</b>	<b>59,346.11</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	20	7.12	1.04
Provisions	21	110.30	71.68
Other non-financial liabilities	22	123.86	106.48
<b>Total non-financial liabilities</b>		<b>241.28</b>	<b>179.20</b>
<b>Total liabilities</b>		<b>70,416.18</b>	<b>59,525.31</b>
<b>Equity</b>			
Equity share capital	24	1,003.46	827.60
Other equity	25	22,215.73	12,551.91
<b>Total equity</b>		<b>23,219.19</b>	<b>13,379.51</b>
<b>Total liabilities and equity</b>		<b>93,635.37</b>	<b>72,904.82</b>

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for Deloitte Haskins &amp; Sells

Chartered Accountants

ICAI Firm Registration Number: FRN-015125N

Sd/-

Jitendra Agarwal

Partner

Membership Number : 087104

for and on behalf of the Board of Directors of

Fusion Micro Finance Limited

CIN: L65100DL1994PLC061287

Sd/-

Devesh Sachdev

MD and CEO

DIN : 02547111

Sd/-

Deepak Madaan

Company Secretary and Compliance Officer

M. No. A24811

Sd/-

Ratna Dharashree Vishwanathan

Director

DIN : 07278291

Sd/-

Gaurav Maheshwari

Chief Financial Officer

M. No. 403832

Place: Gurugram

Date : May 22, 2023

Place: Gurugram

Date : May 22, 2023

## Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	26	16,001.03	10,643.19
Fees and commission income	27	195.81	13.86
Net gain on fair value changes	28	253.81	247.65
Net gain on derecognition of financial instruments under amortised cost category	29	968.58	607.95
<b>Total revenue from operations</b>		<b>17,419.23</b>	<b>11,512.65</b>
Other income	30	580.47	500.84
<b>Total income</b>		<b>17,999.70</b>	<b>12,013.49</b>
<b>Expenses</b>			
Finance costs	31	6,427.77	4,959.64
Impairment on financial instruments	32	2,003.69	3,686.93
Employee benefits expenses	33	3,255.24	2,330.66
Depreciation and amortization	10-12	74.05	53.71
Other expenses	34	1,119.11	738.29
<b>Total expenses</b>		<b>12,879.86</b>	<b>11,769.23</b>
<b>Profit before tax for the year</b>		<b>5,119.84</b>	<b>244.26</b>
Tax expense :			
Current tax	35	1,106.06	129.77
Deferred tax	35	142.33	(103.06)
<b>Profit for the year</b>		<b>3,871.45</b>	<b>217.55</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement gains on defined benefit plans		4.19	2.96
Income tax effect on above		(1.06)	(0.74)
<b>Total other comprehensive income for the year</b>		<b>3.13</b>	<b>2.22</b>
<b>Total comprehensive income for the year</b>		<b>3,874.58</b>	<b>219.77</b>
<b>Earnings per equity share ( equity share par value of ₹10 each)</b>			
Basic (₹)	36	43.29	2.67
Diluted (₹)	36	43.13	2.64

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **Deloitte Haskins & Sells**

Chartered Accountants

ICAI Firm Registration Number: FRN-015125N

Sd/-

**Jitendra Agarwal**

Partner

Membership Number : 087104

for and on behalf of the Board of Directors of

**Fusion Micro Finance Limited**

CIN : L65100DL1994PLC061287

Sd/-

**Devesh Sachdev**

MD and CEO

DIN : 02547111

Sd/-

**Deepak Madaan**

Company Secretary and Compliance Officer

M. No. A24811

Sd/-

**Ratna Dharashree Vishwanathan**

Director

DIN : 07278291

Sd/-

**Gaurav Maheshwari**

Chief Financial Officer

M. No. 403832

Place: Gurugram

Date : May 22, 2023

Place: Gurugram

Date : May 22, 2023

## Statement of Cash flows

for the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. Cash flow from operating activities</b>		
Profit before tax	5,119.84	244.26
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation	74.05	53.71
Impairment of financial instruments	2,003.69	3,686.93
Finance cost on lease liability	10.18	8.88
Provision for gratuity	31.20	26.07
Provision for compensated absences	27.54	21.38
Other provisions	(15.92)	(27.51)
Net gain on sale of mutual fund investment	(253.81)	(247.65)
Net gain on derecognition of financial instruments under amortised cost category	(968.58)	(607.95)
Employee share based compensation	67.22	39.24
Effective interest rate adjustment for financial instruments	(34.56)	(57.31)
Net foreign exchange differences	46.16	(43.81)
Fair value loss on derivative financial instruments	(78.50)	77.11
<b>Operating cash flow before working capital changes</b>	<b>6,028.51</b>	<b>3,173.35</b>
Movement in working capital:		
(Increase)/decrease in loans	(23,228.77)	(19,259.56)
(Increase)/decrease in trade receivables	(101.28)	(15.49)
(Increase)/decrease in other financial assets	555.87	213.99
(Increase)/decrease in other non- financial assets	84.26	(38.65)
(Increase)/decrease in bank balance other than cash and cash equivalents	275.60	(225.91)
Increase/(decrease) in trade payables	439.56	63.60
Increase/(decrease) in other financial liability	428.37	71.15
Increase/(decrease) in other non-financial liabilities	17.38	26.98
<b>Cash flow from operations</b>	<b>(15,500.50)</b>	<b>(15,990.54)</b>
Income tax paid	(1,129.94)	(416.74)
<b>Net cash used from operating activities (A)</b>	<b>(16,630.44)</b>	<b>(16,407.28)</b>
<b>II. Cash flow from investing activities</b>		
Purchase of property, plant and equipments	(72.74)	(62.77)
Payment against capital work-in-progress	(2.51)	
Proceeds from sale of property, plant and equipment	-	-
Purchase of intangible assets	-	(0.05)
Purchase of investments	(77,150.00)	(67,650.00)
Proceeds from sale of investments	77,403.81	67,897.65
<b>Net cash flow from investing activities (B)</b>	<b>178.56</b>	<b>184.83</b>



## Statement of Cash flows (contd.)

for the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>III. Cash flow from financing activities</b>		
Proceeds from issue of equity shares (net of share issue expenses)	5,844.60	656.95
Repayment of debt securities	(3,353.66)	(2,531.01)
Proceeds from debt securities	1,800.00	450.00
Repayment of borrowings (other than debt securities)	(38,082.04)	(25,905.28)
Proceeds from borrowings (other than debt securities)	50,150.00	41,043.00
Proceeds from subordinated debt	-	550.00
Repayment of subordinated debt	(500.00)	(70.00)
Payment of lease liability	(17.13)	(11.69)
<b>Net cash flow from financing activities (C)</b>	<b>15,841.77</b>	<b>14,181.97</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>(610.11)</b>	<b>(2,040.48)</b>
Cash and cash equivalents at the beginning of the year	10,113.72	12,154.20
<b>Cash and cash equivalents at the end of the year</b>	<b>9,503.61</b>	<b>10,113.72</b>

Note: a) For disclosures relating to change in liabilities arising from financing activities, refer note 41.

b) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7, "Statement of Cash flows"

c) For components of cash and cash equivalents as at March 31, 2023 and March 31, 2022, refer note 3.

Cash flow from operating activities includes interest received of ₹16,168.31 millions (previous year ₹10,953.65 millions) and interest paid of ₹6,230.89 millions (previous year ₹4,925.73 millions).

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **Deloitte Haskins & Sells**

Chartered Accountants

ICAI Firm Registration Number: FRN-015125N

Sd/-

**Jitendra Agarwal**

Partner

Membership Number : 087104

for and on behalf of the Board of Directors of

**Fusion Micro Finance Limited**

CIN: L65100DL1994PLC061287

Sd/-

**Devesh Sachdev**

MD and CEO

DIN : 02547111

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**Deepak Madaan**

Company Secretary and Compliance Officer

M. No. A24811

Sd/-

**Ratna Dharashree Vishwanathan**

Director

DIN : 07278291

Sd/-

**Gaurav Maheshwari**

Chief Financial Officer

M. No. 403832

Place: Gurugram

Date : May 22, 2023

Place: Gurugram

Date : May 22, 2023

## Statement of Changes in equity

for the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### A. Equity share capital

Particulars	As at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2021	Changes during the year 2021-22	As at March 31, 2022	Changes during the year 2022-23	As at March 31, 2023
Equity share capital (fully paid up)	803.84	-	803.84	39.42	843.26	163.05	1,006.31
Less: Treasury shares*	(17.41)	-	(17.41)	1.75	(15.66)	12.81	(2.85)
Equity share capital (partly paid up)	3.94	-	3.94	(3.94)	-	-	-
<b>Total</b>	<b>790.37</b>	<b>-</b>	<b>790.37</b>	<b>37.23</b>	<b>827.60</b>	<b>175.86</b>	<b>1,003.46</b>

\* Treasury shares represents shares held by ESOP Trust. The company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

### B. Other equity

Particulars	Reserves and Surplus					Other Comprehensive Income Remeasurement gains on defined benefit plans	Total
	Statutory reserve	Treasury shares #	Securities premium	Employee stock option plan reserve	Retained earnings		
<b>Balance as at April 1, 2022</b>	<b>453.84</b>	<b>(126.70)</b>	<b>10,708.77</b>	<b>95.15</b>	<b>1,412.06</b>	<b>8.79</b>	<b>12,551.91</b>
Profit for the year	-	-	-	-	3,871.45	-	3,871.45
Other comprehensive income for the year	-	-	-	-	-	3.13	3.13
Issue of equity shares	-	-	5,836.96	-	-	-	5,836.96
Transfer to / from retained earnings	774.29	-	-	-	(774.29)	-	-
Expenses incurred towards Issue of Share Capital (net of taxes)	-	-	(253.19)	-	-	-	(253.19)
Share based compensation	-	-	-	67.22	-	-	67.22
Exercise of share options	-	85.66	123.91	(71.32)	-	-	138.25
Lapse of share options	-	-	-	(11.33)	11.33	-	-
<b>Balance as at March 31, 2023</b>	<b>1,228.13</b>	<b>(41.04)</b>	<b>16,416.45</b>	<b>79.72</b>	<b>4,520.55</b>	<b>11.92</b>	<b>22,215.73</b>
<b>Balance as at April 1, 2021</b>	<b>410.33</b>	<b>(138.14)</b>	<b>10,091.67</b>	<b>68.46</b>	<b>1,234.29</b>	<b>6.57</b>	<b>11,673.18</b>
Profit for the year	-	-	-	-	217.55	-	217.55
Other comprehensive income for the year	-	-	-	-	-	2.22	2.22
Issue of equity shares	-	-	606.02	-	-	-	606.02
Transfer to / from retained earnings	43.51	-	-	-	(43.51)	-	-
Expenses incurred towards Issue of Share Capital (net of taxes)	-	-	-	-	-	-	-
Share based compensation	-	-	-	39.24	-	-	39.24
Exercise of share options	-	11.44	11.08	(8.82)	-	-	13.70
Lapse of share options	-	-	-	(3.73)	3.73	-	-
<b>Balance as at March 31, 2022</b>	<b>453.84</b>	<b>(126.70)</b>	<b>10,708.77</b>	<b>95.15</b>	<b>1,412.06</b>	<b>8.79</b>	<b>12,551.91</b>

# Treasury shares excluding amount adjusted from equity share capital.

Significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

for Deloitte Haskins & Sells

Chartered Accountants

ICAI Firm Registration Number: FRN-015125N

Sd/-

Jitendra Agarwal

Partner

Membership Number : 087104

for and on behalf of the Board of Directors of

Fusion Micro Finance Limited

CIN : L65100DL1994PLC061287

Sd/-

Devesh Sachdev

MD and CEO

DIN : 02547111

Sd/-

Deepak Madaan

Company Secretary and Compliance Officer

M. No. A24811

Sd/-

Ratna Dharashree Vishwanathan

Director

DIN : 07278291

Sd/-

Gaurav Maheshwari

Chief Financial Officer

M. No. 403832

Place: Gurugram  
Date : May 22, 2023

Place: Gurugram  
Date : May 22, 2023

## Notes to the Financial Statements

For the year ended March 31, 2023

### 1. Corporate information

Fusion Micro Finance Limited ('the Company'), (formerly known as Fusion Micro Finance Private Limited) was originally incorporated as 'Ambience Fincap Private Limited' on September 5, 1994 under the Companies Act, 1956. On January 9, 2003, the Reserve Bank of India (RBI) granted a certificate of registration as a non-deposit accepting non-banking financial company under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010, was issued, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Thereafter, the Company was issued a fresh certificate dated January 28, 2014 from RBI for carrying on the business of Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI'). The name of the Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company pursuant to the special resolution passed by the Shareholders of the Company and a fresh certificate of incorporation was issued dated July 20, 2021. The registered office of the Company is at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028.

The Company is primarily engaged in micro finance lending activities, providing financial services to poor women in India who are organized as Joint Liability Group ('JLGs'). The Company provides small value collateral free loans. Apart from micro finance lending, the Company also have lending to MSME enterprises.

The Company uses its distribution channel to provide other financial products and services to the members primarily relate to providing of loans to the members for the purchase of certain productivity enhancing products such as mobile handsets, bicycle etc.

The financial statements for the year ended March 31, 2023 were approved on May 22, 2023.

### 1A. Basis of Preparation of financial statements

The financial statements of the Company as at and for the year ended March 31, 2023, have been prepared in accordance with requirements of Indian Accounting Standards ("Ind AS") notified by under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as prescribed under Section 133

(All amounts are in ₹ millions unless otherwise stated)

of the Companies Act, 2013 ('Act'), other accounting principles generally accepted in India and presentation requirements of Division III of Schedule III of the Act (Ind AS compliant Schedule III), as applicable to the Company.

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVTOCI) instruments, plan assets, derivative financial instruments recorded at fair value through profit or loss (FVTPL) and financial assets and liabilities designated at FVTPL, all of which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

### Presentation of financial statements

The Company presents its balance sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are only offset and reported net, when in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

- A. The normal course of business.
- B. The event of default.
- C. The event of insolvency or bankruptcy of the Company and/or its counterparties.

Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

## 2. Significant accounting policies

### 2.1 Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### 2.1.1 Interest income

Interest revenue is recognized using the Effective Interest

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Rate method (EIR). The EIR method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than the credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income at gross basis.

### 2.1.1.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, debt instrument measured at FVTOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial assets.

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

### 2.1.2 Dividend income

Dividend income is recognized when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will

flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

### 2.1.3 Net gain on derecognition of financial instruments under amortized cost category

Where derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. Income from assignment transactions i.e. present value of excess interest spread is recognized. Refer Note 2.5 for policy on derecognition of financial assets and liability.

### 2.1.4 Net Gain/Loss on fair value changes

The Company recognizes the fair value on investment in mutual funds measured at FVTPL in the Statement of profit and loss in accordance with Ind AS 109.

### 2.1.5 Interest Expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

### 2.1.6 Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

- a) Facilitation fees income is earned on distribution of services and products of other entities under distribution arrangements. The income so earned is recognised on completion of successful distribution on behalf of other entities subject to there being no significant uncertainty of its recovery.



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

- b) The Company recognizes revenue from market support services upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

### 2.2 Financial Instruments– initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

#### 2.2.1 Date of recognition

Financial assets and liabilities, with an exception of loans, debt securities, deposits and borrowings are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognized when funds are disbursed to the customer's accounts. The Company recognises debt securities, deposits and borrowings when funds reach the Company's accounts.

#### 2.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit or loss (FVTPL), transaction costs are added to, subtracted from, this amount. Trade receivables are measured at the transaction price.

#### 2.2.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- a) Amortized cost, as explained in Note 2.3.1  
b) FVTPL as explained in Notes 2.3.4  
c) FVTOCI

The Company classifies and measures its trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, are measured at FVTPL when they are derivative instruments or the fair value designation is applied, as explained in Note 2.3.4

### 2.3 Financial assets and liabilities

#### 2.3.1 Loans, trade receivables, financial investments and other financial assets at amortized cost

The Company measures loans, trade receivables and other financial investments and assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

##### 2.3.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The information considered includes:

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Company's

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### 2.3.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (the 'SPPI test').

For the purposes of this test, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

'Interest' within a lending arrangement are typically the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

### 2.3.2 Derivative financial instruments at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

#### Initial recognition and subsequent measurement

The Company uses derivative financial instruments,

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

such as currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Changes in the fair value of currency and interest rate swaps entered to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing are included in Net loss /(gain) on fair value of derivative contracts measured at fair value through profit or loss under finance cost. Changes in the fair value of other derivatives are included in net gain/(loss) on fair value changes unless hedge accounting is applied.

The notional amount and fair value of such derivatives are disclosed separately in Note 14. The Company does not apply hedge accounting.

### 2.3.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on funds issued, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date

For the accounting treatment of financial instruments with equity conversion rights and call options, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically

advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be accounted for separately.

### 2.3.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

### 2.4 Reclassification of financial asset and liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2022-23 and 2021-22.

### 2.5 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or

the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of profit and loss.

### 2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').

### 2.7 Impairment of Financial Assets

#### 2.7.1 Overview of principles for measuring expected credit loss ('ECL') on financial assets.

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 46 (e).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorizes its loans into Stage 1, Stage 2, Stage 3 as described below:

#### Stage 1

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and



## Notes to the Financial Statements

For the year ended March 31, 2023

the loan has been reclassified from Stage 2. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure up to 30 days overdues fall under this category.

### Stage 2

When loan that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

### Stage 3

Loans considered credit-impaired. The Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

### 2.7.2 Methodology for calculating ECL

The Company calculates ECL based on a probability weighted outcome of factors indicated below to measure the expected cash shortfalls. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive

Key factors applied to determine ECL are outlined as follows:

**Probability of default (PD)** – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

*(All amounts are in ₹ millions unless otherwise stated)*

**Exposure at default (EAD)** – Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

**Loss given default (LGD)** – It is an estimate of the loss arising when the event of default occurs. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

#### Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a EAD and multiplied by the expected LGD.

#### Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.

#### Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### 2.7.3 Forward looking information

While estimating the expected credit loss, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Inflation, Unemployment rates, Benchmark rates set by Reserve Bank of India, with

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

the estimate of PD, LGD determined by the Company based in its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

### 2.7.4 Write-offs

Loans are written off in their entirety only when the Company has stopped perusing the recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-offs. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries against such loan are credited to the Statement of profit and loss.

### 2.7.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

### 2.8 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price at the measurement date that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

observable market data available over the entire period of the instrument's life. Such Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

- **Level 3 financial instruments** – Includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

For assets and liabilities that are recognized in the Financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

### 2.9 Foreign Currency transactions

#### 2.9.1 Functional and presentation currency

The Financial statements are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

#### 2.9.2 Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency

at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings to the extent not capitalized are regarded as a cost of borrowing and presented under Finance cost.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

### 2.10 Leasing

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.7.5 Impairment of non-financial assets.

- **Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present

## Notes to the Financial Statements

For the year ended March 31, 2023

value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Short term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

### 2.11 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 2.12 Property, Plant and Equipment (PPE)

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated

*(All amounts are in ₹ millions unless otherwise stated)*

depreciation and accumulated impairment in value if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of Property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of Property, plant and equipment.

Leasehold improvements are amortized on straight line basis over the lease term or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the Statement of profit and loss in the year the asset is derecognised.

Depreciation on Property, plant and equipment provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the Statement of profit and loss up to the date of sale.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment.

Asset category	Useful life (in years)
Furniture & Fixture	10
Electrical fittings	10
Computers & Printers	3
Office Equipment	5
Vehicles	8



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 2.13 Intangible assets

The Company's intangible assets mainly include the Computer Software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost.

The Company assesses at each Balance Sheet date whether there is any indication that an intangible asset may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software - 3-6 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss, when the asset is derecognized.

### 2.14 Retirement and other Employee benefits

#### 2.14.1 Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 2.14.2 Share-based payment arrangements

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The scheme provides that subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within the specified period.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 42.

That cost is recognized in employee benefits expense over the period in which service conditions are fulfilled, together with a corresponding increase in employee stock option plan reserve in other equity. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the Statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### 2.14.3 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Post-employment benefits in the form of provident fund, and other funds are defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund and pension scheme. The Company recognises contribution payable to scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### 2.14.4 Defined benefit plans

The Company has defined benefit gratuity plan. The Company's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability/asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in the balance sheet with a corresponding debit or credit to OCI ( other Comprehensive Income) in the period in which they occur. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### 2.14.5 Other long-term employee benefits

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the Statement of profit and loss.

### 2.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The expense relating to any provision is presented in the Statement of profit and loss net of any reimbursement.

### 2.16 Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.

### 2.17 Taxes

#### 2.17.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.17.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates (and tax laws) that have enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### 2.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance sheet.

### 2.18 Earning per share

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the diluted earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The MD and CEO of the Company has been identified as the Chief Operating Decision Maker for the Company.

### 2.20 Contingent Liabilities and Contingent Assets

A Contingent Liability a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed, where an inflow of economic benefits are probable. The Company shall not recognise a contingent asset unless the recovery is virtually certain.

### 2.21 Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee stock option schemes.

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital reserve. Share options exercised during the reporting period are satisfied with treasury shares.

### 2.22 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affects the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures, , as well as the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

#### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

### Fair value of financial instrument

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

### Impairment of financial asset

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee benefit plans and cash loss contingencies. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management

judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

### Share Based Payment

Estimating fair value for share-based payment transactions requires determining of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Other estimates

- **Useful lives of depreciable/amortizable assets**—Management reviews its estimate of the useful lives of depreciable/amortizable asset at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets
- **Recognition of deferred tax assets**—The extent to which deferred tax assets can be recognized is based on assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

## 2.23 New standards, interpretations, and amendments:

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued

## Notes to the Financial Statements

For the year ended March 31, 2023

from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1, Presentation of Financial Statements** – This amendment requires the entities to disclose their material accounting rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

**Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors** – This amendment has introduced a definition of 'accounting estimates' and included

*(All amounts are in ₹ millions unless otherwise stated)*

amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 12, Income Taxes** – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.

The Company has evaluated the amendment and there is no impact on its financial statements.

## Notes to the Financial Statements

For the year ended March 31, 2023

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### 3. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	65.59	148.19
Balances with banks		
- on current accounts	7,637.05	9,365.40
- deposits with original maturity of less than 3 months*	1,800.97	600.13
<b>Total</b>	<b>9,503.61</b>	<b>10,113.72</b>

\* Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

### 4. Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with remaining maturity of less than 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	755.83	860.33
- lien Free Deposits	3.82	60.54
Deposits with remaining maturity of more than 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	387.01	497.60
- lien Free Deposits	-	3.79
<b>Total</b>	<b>1,146.66</b>	<b>1,422.26</b>

Note: Fixed deposit and other balances with banks earns interest at contractual fixed rates.

### 5. Trade receivables (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured considered good	143.81	42.53
Less : Impairment Loss Allowance	-	-
<b>Total</b>	<b>143.81</b>	<b>42.53</b>

#### Trade receivables ageing schedule as on March 31, 2023

Particulars	Outstanding for following periods from due date of payment*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	143.23	0.14	0.44	-	-	143.81
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-
	<b>143.23</b>	<b>0.14</b>	<b>0.44</b>	<b>-</b>	<b>-</b>	<b>143.81</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Trade receivables ageing schedule as on March 31, 2022

Particulars	Outstanding for following periods from due date of payment*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	41.99	-	-	0.38	0.16	42.53
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-
	<b>41.99</b>	-	-	<b>0.38</b>	<b>0.16</b>	<b>42.53</b>

\*In case of no due date of payment disclosure has been given based on the date of the transaction.

Note: No trade or other receivable are due from directors and other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivable are non-interest bearing and generally on terms of 30 to 90 days.

### 6. Loans (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Term Loans:</b>		
Joint liability loans	80,614.55	61,454.18
MSME Loans	2,927.65	1,331.26
<b>Total - Gross</b>	<b>83,542.20</b>	<b>62,785.44</b>
Less: Impairment loss allowance	(3,126.62)	(3,603.50)
<b>Total - Net</b>	<b>80,415.58</b>	<b>59,181.94</b>
(a) Secured	1,155.23	271.61
(b) Unsecured	82,386.97	62,513.83
<b>Total - Gross</b>	<b>83,542.20</b>	<b>62,785.44</b>
Less: Impairment loss allowance	(3,126.62)	(3,603.50)
<b>Total - Net</b>	<b>80,415.58</b>	<b>59,181.94</b>
(a) Public sector	-	-
(b) Others	83,542.20	62,785.44
<b>Total - Gross</b>	<b>83,542.20</b>	<b>62,785.44</b>
Less: Impairment loss allowance	(3,126.62)	(3,603.50)
<b>Total - Net</b>	<b>80,415.58</b>	<b>59,181.94</b>
<b>Above amount include</b>		
(a) Loans provided in India	83,542.20	62,785.44
(b) Loans provided outside India	-	-
<b>Total - Gross</b>	<b>83,542.20</b>	<b>62,785.44</b>
Less: Impairment loss allowance	(3,126.62)	(3,603.50)
<b>Total - Net</b>	<b>80,415.58</b>	<b>59,181.94</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Overview of the Loan Portfolio of the Company

The Company is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India. The table below discloses credit quality of the Company's exposures as at reporting date.

#### Gross portfolio movement for the year ended March 31, 2023

Particulars	Stage I *	Stage II	Stage III	Total
<b>Gross carrying value of loans as at April 1, 2022</b>	<b>57,890.26</b>	<b>1,310.91</b>	<b>3,584.27</b>	<b>62,785.44</b>
New loans originated during the year, net off for repayments and derecognised portfolio	23,707.74	(647.11)	168.14	23,228.77
Loans written off during the year	-	-	(2,472.01)	(2,472.01)
Movement between stages				
Transfer from stage I	(1,554.02)	269.03	1,284.99	-
Transfer from stage II	4.98	(331.33)	326.35	-
Transfer from stage III	1.76	0.99	(2.75)	-
<b>Gross carrying value of loans as at March 31, 2023</b>	<b>80,050.72</b>	<b>602.49</b>	<b>2,888.99</b>	<b>83,542.20</b>

#### Gross portfolio movement for the year ended March 31, 2022

Particulars	Stage I *	Stage II	Stage III	Total
<b>Gross carrying value of loans as at April 1, 2021</b>	<b>40,763.84</b>	<b>3,137.58</b>	<b>2,558.90</b>	<b>46,460.32</b>
New loans originated during the year, net off for repayments and derecognised portfolio	19,372.32	(1,491.18)	1,378.36	19,259.51
Loans written off during the year	-	-	(2,934.39)	(2,934.39)
Movement between stages				
Transfer from stage I	(2,640.41)	818.39	1,822.02	-
Transfer from stage II	352.08	(1,176.07)	823.99	-
Transfer from stage III	42.43	22.19	(64.62)	-
<b>Gross carrying value of loans as at March 31, 2022</b>	<b>57,890.26</b>	<b>1,310.91</b>	<b>3,584.27</b>	<b>62,785.44</b>

\*Includes principal overdue from 1 to 30 days amounting to ₹ 44.67 million and ₹ 95.62 million as on March 31, 2023 and March 31, 2022 respectively.

#### Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Loans			Total	Other financial assets (refer note 7-B)
	Stage I	Stage II	Stage III		
<b>ECL allowance on April 01, 2022</b>	<b>597.12</b>	<b>452.39</b>	<b>2,553.99</b>	<b>3,603.50</b>	<b>11.37</b>
New assets originated during the year, netted off for repayments and derecognised portfolio	244.55	(223.35)	119.71	140.91	8.56
Loans written off during the year			(2,472.01)	(2,472.01)	-
<b>Movement between stages</b>					
Transfer from stage I	(16.02)	2.77	13.25	-	-
Transfer from stage II	1.72	(114.34)	112.62	-	-
Transfer from stage III	1.26	0.70	(1.96)	-	-

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Reconciliation of loss allowance provision from beginning to end of reporting period (contd.):

Particulars	Loans			Total	Other financial assets (refer note 7-B)
	Stage I	Stage II	Stage III		
Impact on ECL on account of movement between stages/ updates to ECL model	(124.21)	122.95	1,855.48	1,854.22	-
<b>ECL allowance on March 31, 2023</b>	<b>704.42</b>	<b>241.12</b>	<b>2,181.08</b>	<b>3,126.62</b>	<b>19.93</b>
<b>ECL allowance on April 01, 2021</b>	<b>449.56</b>	<b>868.23</b>	<b>1,535.23</b>	<b>2,853.02</b>	<b>9.36</b>
New assets originated during the year, netted off for repayments and derecognised portfolio	213.65	(412.64)	826.96	627.97	2.01
Loans written off during the year	-	-	(2,934.39)	(2,934.39)	
<b>Movement between stages</b>					
Transfer from stage I	(29.12)	9.03	20.09	-	-
Transfer from stage II	97.43	(325.44)	228.01	-	-
Transfer from stage III	25.46	13.31	(38.77)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(159.86)	299.90	2,916.86	3,056.90	-
<b>ECL allowance on March 31, 2022</b>	<b>597.12</b>	<b>452.39</b>	<b>2,553.99</b>	<b>3,603.50</b>	<b>11.37</b>

### 7. Other financial assets (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Security deposits</b>		
Unsecured, considered goods	60.40	26.92
<b>A</b>	<b>60.40</b>	<b>26.92</b>
<b>B. Other assets</b>		
Excess interest spread (EIS) receivable	635.38	435.08
Advances recoverable in cash or for value to be received	293.35	58.45
Initial public offer expenses recoverable*	-	55.97
Less : Impairment loss allowance (refer note 6 for movement)	(19.93)	(11.37)
<b>B</b>	<b>908.80</b>	<b>538.13</b>
<b>Total (A+B)</b>	<b>969.20</b>	<b>565.05</b>

\* During the year ended March 31, 2023, the Company has completed initial public offer (IPO) of 29,999,813 shares of face value of ₹ 10 each at an issue price ₹ 368 comprising fresh issue of 1,63,04,347 and offer for sale of 1,36,95,466 by selling shareholders. The above expenses pertain to offer for sale component in IPO which as per terms of agreement were recoverable from selling shareholders.

### 8. Current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax (net)	383.57	353.61
<b>Total</b>	<b>383.57</b>	<b>353.61</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 9. Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Deferred tax assets:</b>		
Impairment allowance for financial assets	730.50	900.39
Differences of written down value of Property, plant and equipment and intangible Assets	20.56	15.29
Provision for employee benefits	57.61	36.10
Financial liabilities measured at amortised cost	10.73	6.42
Fair valuation of derivative financial instruments	(0.35)	19.41
EIR impact on loan portfolio	181.93	111.37
Expenses incurred on initial public offering	42.62	3.31
Other temporary difference	10.02	5.10
<b>Total deferred tax assets</b>	<b>1,053.62</b>	<b>1,097.39</b>
<b>B. Deferred tax liabilities</b>		
Excess interest spread (EIS) receivable	(144.87)	(101.54)
Stage 3 interest income	(131.29)	(128.29)
	<b>(276.16)</b>	<b>(229.83)</b>
<b>Net deferred tax assets (A+B)</b>	<b>777.46</b>	<b>867.56</b>

### C. Movement in Deferred tax assets (net)

Particulars	As at April 01, 2022	(Charge)/credit in Statement of profit and loss for year ended March 31, 2023	Recognized in other comprehensive income for year ended March 31, 2023	Recognized in other equity for the year ended March 31, 2023	As at March 31, 2023
<b>Assets</b>					
Impairment allowance for financial assets	900.39	(169.89)	-	-	730.50
Differences of written down value of Property, plant and equipment and intangible assets	15.29	5.27	-	-	20.56
Provision for employee benefits	36.10	22.57	(1.06)	-	57.61
Provisions allowable on payment basis	-	-	-	-	-
Financial liabilities measured at amortised cost	6.42	4.31	-	-	10.73
Fair valuation of derivative financial instruments	19.41	(19.76)	-	-	(0.35)
EIR impact on term loans	111.37	70.56	-	-	181.93
Expenses incurred on initial public offering	3.31	(13.97)	-	53.28	42.62
Other temporary difference	5.10	4.92	-	-	10.02
<b>Liabilities</b>					
EIS receivable	(101.54)	(43.33)	-	-	(144.87)
Stage 3 interest income	(128.29)	(3.00)	-	-	(131.29)
<b>Total</b>	<b>867.56</b>	<b>(142.33)</b>	<b>(1.06)</b>	<b>53.28</b>	<b>777.46</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	As at April 01, 2021	(Charge)/credit in Statement of profit and loss for the year ended March 31, 2022	Recognized in Other comprehensive income for the year ended March 31, 2022	Recognized in other equity for the year ended March 31, 2022	As at March 31, 2022
<b>Assets</b>					
Impairment allowance for financial assets	688.12	212.27	-	-	900.39
Differences of written down value of Property, plant and equipment and intangible assets	11.87	3.42	-	-	15.29
Provision for employee benefits	35.73	1.11	(0.74)	-	36.10
Provisions allowable on payment basis	31.48	(31.48)	-	-	-
Financial liabilities measured at amortised cost	6.08	0.34	-	-	6.42
Fair valuation of derivative financial instruments	-	19.41	-	-	19.41
EIR impact on term loans	68.98	42.39	-	-	111.37
Expenses incurred on initial public offering	6.63	(3.31)	-	-	3.31
Other temporary difference	9.33	(4.23)	-	-	5.10
<b>Liabilities</b>					
EIS receivable	(29.15)	(72.39)	-	-	(101.54)
Stage 3 interest income	(63.83)	(64.46)	-	-	(128.29)
<b>Total</b>	<b>765.24</b>	<b>103.06</b>	<b>(0.74)</b>	<b>-</b>	<b>867.56</b>

### 10. Property, plant and equipment and Capital work-in-progress

#### A. Property, plant and equipment

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Furniture and fixtures	36.27	14.99	0.05	51.21	16.73	7.21	0.05	23.89	27.32
Electrical fittings	10.15	3.42	0.17	13.40	5.94	1.49	0.16	7.27	6.13
Office equipment	29.72	16.09	0.74	45.07	14.54	10.94	0.74	24.74	20.33
Vehicles	3.35	-	-	3.35	1.32	0.70	-	2.02	1.33
Computers	89.00	38.24	1.18	126.06	54.43	33.63	1.18	86.88	39.18
Leasehold improvements	69.97	-	-	69.97	23.46	8.00	-	31.46	38.51
<b>Total</b>	<b>238.46</b>	<b>72.74</b>	<b>2.14</b>	<b>309.06</b>	<b>116.42</b>	<b>61.97</b>	<b>2.13</b>	<b>176.26</b>	<b>132.80</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Furniture and fixtures	26.83	9.44	-	36.27	12.00	4.73	-	16.73	19.54
Electrical fittings	9.11	1.04	-	10.15	4.74	1.20	-	5.94	4.21
Office equipment	18.14	11.58	-	29.72	7.36	7.18	-	14.54	15.18
Vehicles	3.35	-	-	3.35	0.40	0.92	-	1.32	2.04
Computers	48.35	40.71	0.06	89.00	33.05	21.42	0.04	54.43	34.56
Leasehold improvements	69.97	-	-	69.97	15.46	8.00	-	23.46	46.51
<b>Total</b>	<b>175.75</b>	<b>62.77</b>	<b>0.06</b>	<b>238.46</b>	<b>73.01</b>	<b>43.45</b>	<b>0.04</b>	<b>116.42</b>	<b>122.04</b>

### B. Capital work-in-progress

Capital work-in-progress ageing schedule as at March 31, 2023

Particulars	Amount in Capital work-in-progress for a period of				
	Less than one year	1-2 years	2-3 years	more than 3 years	Total
Projects-in-Progress	2.51	-	-	-	2.51
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>2.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.51</b>

Capital work-in-progress ageing schedule as at March 31, 2022

Particulars	Amount in Capital work-in-progress for a period of				
	Less than one year	1-2 years	2-3 years	more than 3 years	Total
Projects-in-Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 11. Right of use asset

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Building (refer Note 52)	83.45	19.01	-	102.46	14.28	11.60	-	25.88	76.58
<b>Total</b>	<b>83.45</b>	<b>19.01</b>	<b>-</b>	<b>102.46</b>	<b>14.28</b>	<b>11.60</b>	<b>-</b>	<b>25.88</b>	<b>76.58</b>

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Building (refer Note 52)	83.45	-	-	83.45	5.26	9.02	-	14.28	69.17
<b>Total</b>	<b>83.45</b>	<b>-</b>	<b>-</b>	<b>83.45</b>	<b>5.26</b>	<b>9.02</b>	<b>-</b>	<b>14.28</b>	<b>69.17</b>

### 12. Intangible assets

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Computer software	8.17	-	-	8.17	7.46	0.48	-	7.94	0.23
<b>Total</b>	<b>8.17</b>	<b>-</b>	<b>-</b>	<b>8.17</b>	<b>7.46</b>	<b>0.48</b>	<b>-</b>	<b>7.94</b>	<b>0.23</b>

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Computer software	8.12	0.05	-	8.17	6.22	1.24	-	7.46	0.71
<b>Total</b>	<b>8.12</b>	<b>0.05</b>	<b>-</b>	<b>8.17</b>	<b>6.22</b>	<b>1.24</b>	<b>-</b>	<b>7.46</b>	<b>0.71</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 13. Other non-financial asset

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>		
Pre-paid expenses	37.24	22.18
Share issue expenses*	-	27.99
Others	44.73	116.06
<b>Total</b>	<b>81.97</b>	<b>166.23</b>

\*During the year ended March 31, 2023, the Company has completed initial public offer (IPO) of 29,999,813 shares of face value of ₹10 each at an issue price ₹368 comprising fresh issue of 1,63,04,347 and offer for sale of 1,36,95,466 by selling shareholders. The share issue expenses of ₹ 306.35 million (₹ 253.19 million net of tax) pertain to fresh issue of shares during the current year are charged off to Securities premium as per the Section 52 of Companies Act, 2013.

### 14. Derivative financial instrument

#### Derivatives not designated as hedges

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Derivatives Financial Asset</b>		
Currency and Interest rate swaps	1.39	-
<b>Total</b>	<b>1.39</b>	<b>-</b>
<b>B. Derivatives Financial Liability</b>		
Currency and Interest rate swaps	-	77.11
<b>Total</b>	<b>-</b>	<b>77.11</b>

The Company enters into derivatives for risk management purposes. Derivatives (i.e., currency and interest rate swaps) held for risk management purposes include hedges that are economic hedges, but the company has elected not to apply hedge accounting requirements.

The Company has entered into currency and interest rate swaps to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing (ECB) denominated in EURO as follows:

**Currency Swap:** The Company has a currency swap agreement whereby it has hedged the risk of changes in foreign exchange rates relating to the cash outflow arising on settlement of its ECB.

**Interest rate Swap:** The Company has an interest rate swap agreement whereby the Company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate. The swap is being used to hedge the exposure to changes in the variable interest rate.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value - Assets	Fair Value -Liabilities	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
Currency and Interest rate derivatives:						
Currency and Interest rate swaps	890.42	1.39	-	890.42	-	77.11
<b>Total</b>	<b>890.42</b>	<b>1.39</b>	<b>-</b>	<b>890.42</b>	<b>-</b>	<b>77.11</b>

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 15. Trade Payables (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Total outstanding dues to micro enterprises and small enterprises *	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	813.95	374.39
<b>Total</b>	<b>813.95</b>	<b>374.39</b>

\* The Company does not have any outstanding dues and any interest payable for micro enterprises and small enterprises- refer Note 39

### Trade payables ageing schedule as on March 31 2023

Particulars	Outstanding for the following from due date of payment #				
	Less than one year	1-2 years	2-3 years	more than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	813.28	0.55	0.06	0.06	813.95
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	<b>813.28</b>	<b>0.55</b>	<b>0.06</b>	<b>0.06</b>	<b>813.95</b>

### Trade payables ageing schedule as on March 31 2022

Particulars	Outstanding for the following from due date of payment #				
	Less than one year	1-2 years	2-3 years	more than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	374.16	0.12	0.07	0.04	374.39
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	<b>374.16</b>	<b>0.12</b>	<b>0.07</b>	<b>0.04</b>	<b>374.39</b>

# In case where due date of payment is not specified, disclosure has been given based on the date of the transaction.

### 16. Debt Securities (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-convertible debentures (Secured by book debts)*	5,105.55	5,788.92
Non-convertible debentures (Unsecured)**	1,182.45	2,048.84
<b>Total</b>	<b>6,288.00</b>	<b>7,837.76</b>
Debt securities in India	6,288.00	7,837.76
Debt securities outside India	-	-
<b>Total</b>	<b>6,288.00</b>	<b>7,837.76</b>

\*The borrowings are secured by hypothecation of book debts and margin money deposits and fixed deposits.

\*\* includes as at March 31, 2023 ₹232.90 millions (March 31, 2022 - Nil) due to related party (refer note 43 for more details)

Information about the Company's exposure to credit and market risks are included in Note no. 46 and 48 respectively.



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Terms of Debt securities

Particulars	Number of debentures		Amount	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Secured</b>				
12.05% Secured rated listed redeemable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put/call option at the end of 36 months) from the date of allotment i.e. June 02, 2016 [ROI revised from 14.15% effective from June 3, 2019]	-	526	-	525.76
10.70% secured rated unlisted redeemable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. March 16, 2018 [ROI revised from 12.94% effective from March 16, 2021]	315	315	315.00	315.00
10.70% Secured rated unlisted redeemable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. March 16, 2018 [ROI revised from 12.71% effective from March 16, 2021]	315	315	315.00	315.00
11.90% secured, rated, listed, unsubordinated, transferable, redeemable, non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 10, 2020	100	100	99.96	99.71
11.90% (rbi repo rate +credit spread) secured rated listed taxable transferable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 19, 2020 [ROI revised from 11.40 effective from June 19, 2022]	300	300	49.98	149.83
11.25% secured rated listed redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 30, 2020	200	200	199.87	199.40
11.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. July 29, 2020	200	200	199.59	198.42
11.25% secured rated, listed, redeemable non-convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 32 months from the date of allotment i.e. July 31, 2020	250	250	249.97	249.50
10.40% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	500	-	124.92

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Terms of Debt securities (contd.)

Particulars	Number of debentures		Amount	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
10.25% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	350	-	349.80
9.75% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	250	-	249.87
10.50% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	500	-	499.87
10.50% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 19, 2020	-	250	-	249.91
11.25% secured rated listed taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. December 23, 2020	500	500	499.88	499.73
11.15% secured rated listed redeemable transferable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 71 months and 27 Calendar Days (Subject to exercise of put/call option at the end of 35 months and 26 Calendar Days) from the date of allotment i.e. March 10, 2021	700	700	699.76	699.71
11.00% secured rated listed redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. March 18, 2021	500	500	499.79	499.73
9.54% rated unlisted senior secured redeemable taxable, transferable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 48 months from the date of allotment i.e. March 30, 2021	600	600	527.23	562.76
10.35% Secured rated Unlisted redeemable non convertible debenture of Face Vale of ₹10,00,000 each redeemable at par at the end of 60 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. May 04, 2022	1,450	-	1,449.52	-
<b>Unsecured</b>				
11.91% Unsecured Rated Listed Redeemable Non Convertible Debenture of Face Vale of ₹10,00,000 each redeemable at par at the end of 72 Months (subject to exercise of Put/Call Option at the end of 36 months) from the Date of Allotment i.e. 15 September 2016 [ROI revised from 13.25% effective from September, 15 2019]	-	550	-	549.81

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Terms of Debt securities (contd.)

Particulars	Number of debentures		Amount	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
11.91% Unsecured rated listed redeemable non convertible debenture of face value of ₹10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. September 10, 2019	-	350	-	349.77
11.53% Unsecured rated unlisted redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put option at the end of 12 months and Put/call Option at the end of 36 months) from the date of allotment i.e. 02 November, 2020	750	750	749.67	749.60
10.50% Rated, Listed, Unsecured, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures of face value of ₹10,00,000/- each redeemable at par at the end of 24 Months (Subject to exercise of put option at the end of 12 months) from the date of allotment i.e. December 21, 2021	450	450	199.88	399.65
11.05% Senior, unsecured rated unlisted transferable redeemable non convertible debentrues of ₹100,000 each redeemable at par at the end of 32 months and 12 days from the date of allotment i.e. April 19, 2022	3,500	-	232.90	-
<b>Total</b>			<b>6,288.00</b>	<b>7,837.76</b>

Note: Above mentioned interest rates are net of applicable TDS

### 17. Borrowings - other than debt securities (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Term loans		
(i) from banks	49,570.93	40,337.54
(ii) from other parties	9,904.02	5,769.54
(b) Short term loans from banks	-	1,343.92
(c) External commercial borrowings	891.13	843.66
<b>Total</b>	<b>60,366.08</b>	<b>48,294.66</b>
Borrowings in India	59,474.95	47,451.00
Borrowings outside India	891.13	843.66
<b>Total</b>	<b>60,366.08</b>	<b>48,294.66</b>
Secured*	59,969.94	48,294.66
Unsecured	396.14	-
<b>Total</b>	<b>60,366.08</b>	<b>48,294.66</b>

\*The secured borrowings are secured by hypothecation of book debts, margin money deposits and fixed deposits.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 18. Subordinated liabilities (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
from banks	300.00	300.00
from other than banks	829.91	1,325.67
<b>Total</b>	<b>1,129.91</b>	<b>1,625.67</b>
Subordinated liabilities in form of Non-convertible debentures*	829.91	1,325.67
Subordinated liabilities in form of term loan	300.00	300.00
<b>Total</b>	<b>1,129.91</b>	<b>1,625.67</b>
Subordinated liabilities in India	1,129.91	1,625.67
Subordinated liabilities outside India	-	-
<b>Total</b>	<b>1,129.91</b>	<b>1,625.67</b>

\* includes as at March 31, 2023 ₹245.25 millions (March 31, 2022- ₹244.47 millions) due to related party (refer note 43 for more details)

Terms of debentures	Number of debentures		Amount	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
13.85% unsecured, subordinated, rated, taxable, transferable, redeemable and non-convertible debentures of face value of ₹1,000,000 each redeemable at par at the end of 73 months from the date of allotment i.e. March 15, 2017	-	500	-	499.66
13.90% Unsecured, Subordinated Rated, Redeemable, Listed Non-convertible Debentures of face value of ₹10,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e. March 31, 2018	300	300	299.51	298.61
12.11% Unsecured Subordinated, Tier II Rated, Unlisted Taxable Redeemable Non-Convertible Debenture of face value of ₹1,00,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e. March 31, 2022	30	30	285.15	282.92
13.00% Unsecured, Rated, Redeemable, Transferable, Unlisted Subordinated Non-Convertible Debenture of face value of ₹10,00,000 each redeemable at par at the end of 63 months from the date of allotment i.e. March 31, 2022	250	250	245.25	244.48
			<b>829.91</b>	<b>1,325.67</b>

Note : The Company has not defaulted in repayment of borrowing / interest during the current year and previous year with respect to Debt Securities (Note 16) borrowings (other than debt securities) (Note 17) and subordinated liabilities (Note 18)



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2023

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
<b>Borrowings (other than debt securities)</b>														
<b>Monthly</b>														
Upto 3 Years	07.01% - 07.50%	10	313.00	12	375.60	10	311.40	-	-	-	-	-	-	1,000.00
	08.51% - 09.00%	12	1,991.39	4	251.21	-	-	-	-	-	-	-	-	2,242.60
	09.01% - 09.50%	12	3,360.64	12	1,171.66	5	74.16	-	-	-	-	-	-	4,606.46
	09.51% - 10.00%	12	8,981.42	12	5,360.26	12	257.57	-	-	-	-	-	-	14,599.25
	10.01% - 10.50%	12	8,254.35	12	4,170.76	9	863.55	-	-	-	-	-	-	13,288.66
	10.51% - 11.00%	12	2,212.80	9	1,041.73	-	-	-	-	-	-	-	-	3,254.53
	11.01% - 11.50%	12	960.16	6	262.16	-	-	-	-	-	-	-	-	1,222.32
	12.51% - 13.00%	12	336.27	2	60.37	-	-	-	-	-	-	-	-	396.64
Above 3 Years	10.01% - 10.50%	6	83.06	-	-	-	-	-	-	-	-	-	-	83.06
	10.51% - 11.00%	12	333.34	8	222.22	-	-	-	-	-	-	-	-	555.56
<b>Quarterly</b>														
Upto 3 Years	08.51% - 09.00%	8	582.00	8	532.00	1	45.00	-	-	-	-	-	-	1,159.00
	09.01% - 09.50%	12	1,501.78	7	652.29	2	181.00	-	-	-	-	-	-	2,335.07
	09.51% - 10.00%	8	2,276.85	8	1,178.56	4	62.80	-	-	-	-	-	-	3,518.21
	10.01% - 10.50%	12	3,662.04	11	2,501.96	1	37.50	-	-	-	-	-	-	6,201.50
	10.51% - 11.00%	12	1,880.36	9	1,000.88	-	-	-	-	-	-	-	-	2,881.24
	11.01% - 11.50%	3	60.65	-	-	-	-	-	-	-	-	-	-	60.65
Above 3 Years	09.51% - 10.00%	4	877.50	4	440.00	4	415.00	3	240.00	-	-	-	-	1,972.50
	10.01% - 10.50%	1	5.42	-	-	-	-	-	-	-	-	-	-	5.42
<b>Half Yearly</b>														
Above 3 Years	11.01% - 11.50%	2	80.00	2	80.00	1	20.00	-	-	-	-	-	-	180.00
	11.51% - 12.00%	2	60.00	-	-	-	-	-	-	-	-	-	-	60.00
<b>Bullet Repayment</b>														
Upto 3 Years	8.51% - 9.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
	09.01% - 9.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Debt securities</b>														
<b>Bi-Monthly</b>														
Above 3 Years	10.01% - 10.50%	-	-	6	450.00	-	-	-	-	-	-	-	-	450.00

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2023 (contd.)

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total	
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount		
<b>Quarterly</b>															
Upto 3 Years	10.01% - 10.50%	3	200.00										-	-	200.00
<b>Half Yearly</b>															
Upto 3 Years	10.01% - 10.50%	2	78.00												78.00
	11.51% - 12.00%	1	50.00										-	-	50.00
Above 3 Years	10.01% - 10.50%												-	-	-
<b>Yearly</b>															
Upto 3 Years	11.01% - 11.50%	1	116.67	1	116.67								-	-	233.34
<b>Bullet Repayment</b>															
Upto 3 Years	10.51% - 11.00%					1	1,450.00								1,450.00
	11.01% - 11.50%	3	650.00												650.00
	11.51% - 12.00%	3	1,800.00												1,800.00
	12.01% - 12.50%	1	750.00												750.00
Above 3 Years	11.01% - 11.50%	1	315.00	-	-	-	-	-	-	-	-	-	-	-	315.00
	11.51% - 12.00%	1	315.00	-	-	-	-	-	-	-	-	-	-	-	315.00
<b>Vehicle</b>															
Upto 3 Years	7.51% - 8.00%	10	0.83	-	-	-	-	-	-	-	-	-	-	-	0.83
<b>ECB</b>															
Bullet Repayment	11.01% - 11.50%	-	-	1	892.75	-	-	-	-	-	-	-	-	-	892.75
<b>Sub-Debt</b>															
<b>Bullet Repayment</b>															
Above 3 Years	12.01% - 12.50%	-	-	-	-	-	-	-	-	1	300.00	-	-	300.00	
	12.51% - 13.00%	-	-	-	-	-	-	-	-	1	250.00	-	-	250.00	
	13.51% - 14.00%	1	300.00	-	-	-	-	-	-	-	-	-	-	300.00	
	14.01% - 14.50%	1	300.00	-	-	-	-	-	-	-	-	-	-	300.00	
EIR Impact														(173.60)	
<b>TOTAL</b>		<b>204</b>	<b>42,688.53</b>	<b>134</b>	<b>20,761.08</b>	<b>50</b>	<b>3,717.98</b>	<b>3</b>	<b>240.00</b>	<b>2</b>	<b>550.00</b>	<b>-</b>	<b>-</b>	<b>67,783.99</b>	

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2022

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	6.01% - 6.50%	3	57.48	-	-	-	-	-	-	-	-	-	-	57.48
	7.51% - 8.00%	12	180.00	9	135.00	-	-	-	-	-	-	-	-	315.00
	8.01% - 8.50%	12	880.90	9	411.69	-	-	-	-	-	-	-	-	1,292.59
	8.51% - 9.00%	12	6,271.41	12	5,280.32	11	1,441.49	-	-	-	-	-	-	12,993.22
	9.01% - 9.50%	12	5,203.40	12	3,008.69	1	49.96	-	-	-	-	-	-	8,262.05
	9.51% - 10.00%	12	2,837.20	12	536.69	11	118.39	-	-	-	-	-	-	3,492.29
	10.01% - 10.50%	12	3,070.33	12	972.84	3	54.55	-	-	-	-	-	-	4,097.72
	10.51% - 11.00%	12	2,026.90	3	82.95	-	-	-	-	-	-	-	-	2,109.85
	11.01% - 11.50%	12	655.42	1	11.67	-	-	-	-	-	-	-	-	667.08
	11.51% - 12.00%	7	116.67	-	-	-	-	-	-	-	-	-	-	116.67
	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Years	10.01% - 10.50%	12	510.22	12	411.23	8	222.22	-	-	-	-	-	-	1,143.67
	12.51% - 13.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly														
Upto 3 Years	08.01% - 08.50%	3	75.00	4	100.00	3	75.00	-	-	-	-	-	-	250.00
	8.51% - 9.00%	12	555.00	11	494.99	4	99.81	-	-	-	-	-	-	1,149.80
	9.01% - 9.50%	12	1,721.94	11	1,321.92	1	22.22	-	-	-	-	-	-	3,066.09
	9.51% - 10.00%	12	588.14	7	240.42	3	87.50	-	-	-	-	-	-	916.06
	10.01% - 10.50%	8	213.89	2	53.43	-	-	-	-	-	-	-	-	267.32
	10.51% - 11.00%	4	133.29	3	62.01	-	-	-	-	-	-	-	-	195.30
	11.01% - 11.50%	3	63.75	-	-	-	-	-	-	-	-	-	-	63.75
	11.51% - 12.00%	4	198.44	-	-	-	-	-	-	-	-	-	-	198.44
Above 3 Years	9.01% - 9.50%	4	21.66	1	5.40	-	-	-	-	-	-	-	-	27.06
	9.51% - 10.00%	4	940.00	4	877.50	4	440.00	4	415.00	3	240.00	-	-	2,912.50

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2022 (contd.)

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
Half Yearly														
Upto 3 Years	07.01% - 07.50%	2	1,500.00											1,500.00
	9.51% - 10.00%	2	268.75	-	-	-	-	-	-	-	-	-	-	268.75
	10.51% - 11.00%	1	325.00	-	-	-	-	-	-	-	-	-	-	325.00
Above 3 Years	10.51% - 11.00%	2	16.00	-	-	-	-	-	-	-	-	-	-	16.00
	11.01% - 11.50%	2	475.00	2	80.00	2	80.00	1	20.00	-	-	-	-	655.00
	11.51% - 12.00%	2	60.00	2	60.00	-	-	-	-	-	-	-	-	120.00
Bullet Repayment														
Upto 3 Years	8.51% - 9.00%	2	1,075.00	-	-	-	-	-	-	-	-	-	-	1,075.00
Debt securities														
Bi-Monthly														
Above 3 Years	10.01% - 10.50%	-	-	-	-	6	450.00	-	-	-	-	-	-	450.00
Quarterly														
Upto 3 Years	10.01% - 10.50%	4	525.00	-	-	-	-	-	-	-	-	-	-	525.00
Half Year														
Upto 3 Years	11.01% - 11.50%	2	100.00	1	50.00	-	-	-	-	-	-	-	-	150.00
Above 3 Years	10.01% - 10.50%	2	36.00	2	78.00	-	-	-	-	-	-	-	-	114.00
Bullet Repayment														
Upto 3 Years	9.51% - 10.00%	1	250.00											
	10.01% - 10.50%	1	1,100.00	-	-	-	-	-	-	-	-	-	-	250.00
	10.51% - 11.00%			-	-	-	-	-	-	-	-	-	-	1,100.00
	11.01% - 11.50%	-	-	3	650.00	-	-	-	-	-	-	-	-	650.00
	11.51% - 12.00%	-	-	3	1,800.00	-	-	-	-	-	-	-	-	1,800.00
	12.01% - 12.50%			1	750.00	-	-	-	-	-	-	-	-	750.00
	12.51% - 13.00%	1	350.00	-	-	-	-	-	-	-	-	-	-	350.00
Above 3 Years	11.01% - 11.50%	-	-	1	315.00	-	-	-	-	-	-	-	-	315.00
	11.51% - 12.00%	-	-	1	315.00	-	-	-	-	-	-	-	-	315.00
	12.51% - 13.00%	2	1,076.00	-	-	-	-	-	-	-	-	-	-	1,076.00
Vehicle														



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2022 (contd.)

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
Upto 3 Years	7.51% - 8.00%	12	1.03	10	0.85									1.88
ECB														
Bullet Repayment	10.51% - 11.00%	-	-	-	-	1	846.60	-	-	-	-	-	-	846.60
Sub-Debt														
Bullet Repayment														
	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00
	12.51% - 13.00%	-	-	-	-	-	-	-	-	-	-	1	250.00	250.00
Above 3 Years	13.51% - 14.00%	1	500.00	1	300.00	-	-	-	-	-	-	-	-	800.00
	14.01% - 14.50%	-	-	1	300.00	-	-	-	-	-	-	-	-	300.00
EIR Impact														(139.06)
	<b>TOTAL</b>	<b>223</b>	<b>33,978.80</b>	<b>153</b>	<b>18,705.61</b>	<b>58</b>	<b>3,987.75</b>	<b>5</b>	<b>435.00</b>	<b>3</b>	<b>240.00</b>	<b>2</b>	<b>550.00</b>	<b>57,758.09</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 19. Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
Payable towards assigned portfolio	1,085.61	603.58
Interest accrued but not due on borrowings	284.77	256.85
Lease Liabilities	93.89	81.82
Other payable	112.69	194.27
<b>Total</b>	<b>1,576.96</b>	<b>1,136.52</b>

### 20. Current tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (net)	7.12	1.04
<b>Total</b>	<b>7.12</b>	<b>1.04</b>

### 21. Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for gratuity (refer note 38)	12.87	3.53
Provision for compensated absence (refer note 38)	56.34	46.52
Provision for other contingencies*	41.09	21.63
<b>Total</b>	<b>110.30</b>	<b>71.68</b>

\*includes Cash Loss, Employee Contingency & LTA.

#### Movement of provision for other contingencies

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Carrying Value as at beginning of the year (a)	21.63	38.25
Additional provisions made during the year (b)	38.17	6.36
Amount used during the year (c)	8.71	11.55
Unused amount reversed during the year (d)	10.00	11.43
<b>Carrying Value as at end of the year (a+b-c-d)</b>	<b>41.09</b>	<b>21.63</b>

### 22. Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	105.85	86.48
Others	18.01	20.00
<b>Total</b>	<b>123.86</b>	<b>106.48</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 23. Share Capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised share capital</b>		
<b>Equity shares</b>		
March 31, 2023: 10,50,00,000 (March 31, 2022 : 10,50,00,000) equity shares of ₹10 each	1,050.00	1,050.00
	<b>1,050.00</b>	<b>1,050.00</b>

### 24. Equity Share capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Issued, subscribed and paid-up</b>		
<b>Equity shares</b>		
<b>Fully paid up</b>		
March 31, 2023: 100,630,735 (March 31, 2022 : 8,43,26,388) equity shares of ₹10 each fully paid up	1,006.31	843.26
Less: treasury shares	(2.85)	(15.66)
<b>Total</b>	<b>1,003.46</b>	<b>827.60</b>

- a. The reconciliation of the number of equity shares outstanding as at the beginning and the end of the reporting period is set out below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
At the commencement of the year				
Fully paid up	8,43,26,388	843.26	8,03,83,716	803.84
Partly paid up	-	-	39,42,672	3.94
<b>Movement during the year</b>	-	-	-	-
Conversion of partly paid up into fully paid up	-	-	39,42,672	39.42
Conversion of partly paid up into fully paid up	-	-	(39,42,672)	(3.94)
Issued during the year (fully paid up) (Refer Note 24 g)	1,63,04,347	163.05	-	-
<b>At the end of the year (A)</b>	<b>10,06,30,735</b>	<b>1,006.31</b>	<b>8,43,26,388</b>	<b>843.26</b>
<b>Treasury shares</b>				
At the commencement of the year	(15,65,985)	(15.66)	(17,40,626)	(17.41)
Issued for cash on exercise of share options	12,80,719	12.81	1,74,641	1.75
<b>At the end of the year (B)</b>	<b>(2,85,266)</b>	<b>(2.85)</b>	<b>(15,65,985)</b>	<b>(15.66)</b>
<b>At the end of the year (A+B)</b>	<b>10,03,45,469</b>	<b>1,003.46</b>	<b>8,27,60,403</b>	<b>827.60</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### b Rights, preferences and restrictions attached to equity shares :

The Company has single class of equity shares having a par value of ₹10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### c Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% of Holding	Number of shares	% of Holding
Devesh Sachdev - Managing Director & Chief Executive Officer	49,02,414	4.87%	55,53,414	6.59%
Oikocredit, Ecumenical Development Co-operative Society U.A., Netherlands	-	-	66,06,375	7.83%
Creation Investments Fusion II ,LLC, Chicago, U.S.A.	99,54,529	9.89%	99,54,529	11.80%
Creation Investments Fusion,LLC, Chicago, U.S.A.	1,39,21,043	13.83%	1,53,21,043	18.17%
Honey Rose Investment Ltd, Mauritius	3,96,22,730	39.37%	4,10,22,730	48.65%
<b>Total</b>	<b>6,84,00,716</b>	<b>67.97%</b>	<b>7,84,58,091</b>	<b>93.04%</b>

### d Shares held by promoters at the end of the year:

Name of the Promoter	As at March 31, 2023			As at March 31, 2022		
	Number of shares	% of Holding	% Change during the year	Number of shares	% of Holding	% Change during year
<b>Promoter</b>						
Devesh Sachdev	49,02,414	4.87%	-11.72%	55,53,414	6.59%	0.00%
Creation Investments Fusion II, LLC	99,54,529	9.89%	0.00%	99,54,529	11.80%	0.00%
Creation Investments Fusion,LLC	1,39,21,043	13.83%	-9.14%	1,53,21,043	18.17%	0.00%
Honey Rose Investment Ltd	3,96,22,730	39.37%	-3.41%	4,10,22,730	48.65%	0.00%

### e Particulars of shares reserved for issue under employee stock options

Particulars	Number of shares	
	As at March, 2023	As at March, 2022
Under Employee Stock Option Plans*	23,52,454	13,52,454

\* a) With reference to the amendment agreement dated December 17, 2019 to the Shareholder's agreement dated September 10, 2018, the Company will institute an employee stock option plan, pursuant to which it will grant and allot 1,352,454 equity shares of the Company to certain identified employees.

b) With reference to the special resolution passed by the shareholders dated March 26,2023, the Company will institute an employee stock option plan, pursuant to which it will grant and allot 1,000,000 equity shares of the Company to certain identified employees.

f No share was allotted without payment being received in cash during the year ended March 31, 2023 and year ended March 31, 2022

g During the year ended March 31, 2023, the Company has completed initial public offer (IPO) of 29,999,813 shares of face value of ₹10 each at an issue price ₹368 comprising fresh issue of 1,63,04,347 and offer for sale of 1,36,95,466 by selling shareholders.



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Pursuant to IPO, shares of Company were listed on National Stock exchange (NSE) and BSE Limited (BSE) on November 15, 2022. The Company had received an amount of ₹5,693.65 million (net off share issue expenses ₹306.35 million) from proceeds of fresh issue of equity shares. The Company had utilised entire proceeds of ₹5,693.65 million (in addition, the interest of ₹40.36 million earned on fixed deposit made out of IPO proceeds) towards augmenting the capital base of the Company and to fund the growth and expansion of the Company during the year.

The share issue expenses of ₹306.35 million (₹253.19 million net of tax) pertain to fresh issue of shares during the current year are charged off to Securities premium as per the Section 52 of Companies Act, 2013. (Refer Note 25)

### 25. Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Statutory reserve</b>		
Balance as at the beginning of the year	453.84	410.33
Add: Amount transferred from retained earnings	774.29	43.51
<b>Balance as at the end of the year</b>	<b>1,228.13</b>	<b>453.84</b>
<b>Securities premium</b>		
Balance as at the beginning of the year	10,708.77	10,091.67
Add: On issue of shares (Refer Note 24 g)	5,836.96	606.02
Add: Exercise of share options	123.91	11.08
Less : Amount utilised towards share issue expenses (Refer Note 24 g)	(253.19)	-
<b>Balance as at the end of the year</b>	<b>16,416.45</b>	<b>10,708.77</b>
<b>Treasury Shares #</b>		
Balance as at the beginning of the year	(126.70)	(138.14)
Add: Exercise of share options	85.66	11.44
<b>Balance as at the end of the year</b>	<b>(41.04)</b>	<b>(126.70)</b>
<b>Retained earnings</b>		
Balance as at the beginning of the year	1,412.06	1,234.29
Add: Profit for the year	3,871.45	217.55
Add: Stock options lapsed	11.33	3.73
Less : Amount transferred to statutory reserve	(774.29)	(43.51)
<b>Balance as at the end of the year</b>	<b>4,520.55</b>	<b>1,412.06</b>
<b>Employee stock option plan reserve</b>		
Balance as at the beginning of the year	95.15	68.46
Add: Share based compensation	67.22	39.24
Add: Exercise of stock options	(71.32)	(8.82)
Less: Lapse of stock options	(11.33)	(3.73)
<b>Balance as at the end of the year</b>	<b>79.72</b>	<b>95.15</b>
<b>Other comprehensive income</b>		
<b>Remeasurement of defined benefit plans (gain)/(loss)</b>		
Balance as at the beginning of the year	8.79	6.57
Other comprehensive income for the year	3.13	2.22
<b>Balance as at the end of the year</b>	<b>11.92</b>	<b>8.79</b>
<b>Total other equity</b>	<b>22,215.73</b>	<b>12,551.91</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Nature and purpose of other reserve :

# Treasury shares excludes amount adjusted from equity share capital.

### Statutory reserve

The said reserve has been created under section 45-IC of Reserve Bank of India Act, 1934. As per the said section, every Non-banking financial Company shall create a reserve fund and transfer a sum of not less than 20% of net profit every period before declaration of dividend.

### Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

### Treasury Shares

Treasury shares represents shares held by ESOP trust. The Company treats ESOP trust as its extension and shares held by ESOP trust are treated as treasury shares. Treasury share amount excluding amount adjusted from equity share capital are recognized under this head. Exercise price received on equity share issued in excess of face value of share capital against share option exercised are adjusted from treasury shares.

### Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to statutory reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

### Employee stock option plan reserve

The said amount is used to recognise the grant date fair value of options issued to employees by the Company.

### Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) actuarial gains and losses on defined benefit obligations
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

## 26. Interest Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>On financial asset measured at amortized cost</b>		
Interest income on loan portfolio	15,899.88	10,566.31
Interest on deposits with banks	101.15	76.88
<b>Total</b>	<b>16,001.03</b>	<b>10,643.19</b>

## 27. Fees and commission income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Facilitation fees	195.81	13.86
<b>Total</b>	<b>195.81</b>	<b>13.86</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 28. Net gain on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
- On trading portfolio		
Net gain on sale of mutual fund investment	253.81	247.65
- Others	-	-
<b>Total</b>	<b>253.81</b>	<b>247.65</b>
<b>Fair value changes :</b>		
- Realised	253.81	247.65
- Unrealised	-	-
<b>Total</b>	<b>253.81</b>	<b>247.65</b>

### 29. Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on derecognition of financial instruments (refer note 45)	968.58	607.95
<b>Total</b>	<b>968.58</b>	<b>607.95</b>

### 30. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Market support income	376.35	426.87
Recovery of loans written off	179.93	69.74
Miscellaneous income	24.19	4.23
<b>Total</b>	<b>580.47</b>	<b>500.84</b>

### 31. Finance cost

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>On financial liabilities measured at amortized cost</b>		
Interest on debt securities	818.19	1,050.91
Interest on borrowings (other than debt securities)	5,379.60	3,702.50
Interest on subordinated liabilities	221.59	155.06
Interest on lease liability	10.18	8.88
Other interest expense		
Net (gain)/loss on fair value of derivative contracts measured at fair value through profit or loss	(78.50)	77.11
Net (gain)/loss on foreign currency transaction and translation on external commercial borrowing	46.16	(43.81)
Other Finance Cost	30.55	8.99
<b>Total</b>	<b>6,427.77</b>	<b>4,959.64</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 32. Impairment on financial instruments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>On financial assets measured at amortised cost</b>		
Impairment on loan portfolio	1,995.13	3,684.92
Other financial assets	8.56	2.01
<b>Total</b>	<b>2,003.69</b>	<b>3,686.93</b>

### 33. Employee benefit expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	2,888.13	2,063.86
Contribution to provident and other funds*	192.49	169.61
Share based compensation expense	67.22	39.24
Staff welfare expenses	107.40	57.95
<b>Total</b>	<b>3,255.24</b>	<b>2,330.66</b>

\*Contribution to provident fund for March 31, 2023 : Nil (March 31, 2022 : ₹1.71 million) received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana".

### 34. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent (refer note 52)	188.28	147.33
Travelling and conveyance	189.07	118.33
Legal and professional fees*	93.12	46.82
Rates and taxes	91.23	52.97
Office maintenance	161.30	114.71
Water and electricity	42.33	29.82
Staff recruitment and training	17.11	7.35
Insurance	32.83	23.92
Corporate social responsibility #	15.50	15.60
Software support service	99.08	69.49
Business promotion	2.71	0.87
Lodging and boarding	25.14	23.99
Cash management services	81.14	48.85
Credit bureau expenses	29.36	11.85
Membership fees	7.00	6.34
Miscellaneous expenses	43.91	20.05
<b>Total</b>	<b>1,119.11</b>	<b>738.29</b>
<b>Includes payment to auditors*</b>		
Audit fees	8.50	7.20
Certification and other services	1.90	0.50
Out of pocket expenses	0.38	0.06
<b>Total</b>	<b>10.78</b>	<b>7.76</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### # Details of corporate social responsibility expenditure

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Gross amount required to be spent by the Company for respective financial year	9.91	15.60
b) Amount approved by the board to be spent during the year	15.50	15.60
c) Amount spent during the year :		
i) construction/acquisition of any asset	-	-
ii) on purposes other than (i) above	15.50	15.60
(iii) (Shortfall) / Excess at the end of the year	5.59	-
(iv) Total of previous years shortfall	-	-
(v) Details of related party transactions	-	-
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.		
(vii) Reason for shortfall:		
As statutory required, the Company evaluates any shortfall at end of respective financial year, there was no shortfall for financial year 2022-23 at year ended March 31, 2023.		

For the year ending March 31, 2023 and March 31, 2022, the Company has spent in below project as per schedule VII of the Companies Act, 2013

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Nature of CSR activities:</b>		
a) abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water.	6.34	4.84
b) improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.	4.28	3.32
c) Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.	1.56	1.17
d) Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	1.44	1.00
e) Disaster management, including relief, rehabilitation and reconstruction activities.	1.88	5.27
<b>Total</b>	<b>15.50</b>	<b>15.60</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 35. Income Tax

#### a. Income tax expense in the statement of profit and loss consist of:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current income tax:</b>		
Income tax	1,106.06	129.77
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	142.33	(103.06)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>1,248.39</b>	<b>26.71</b>
<b>Income tax recognised in other comprehensive income</b>		
Deferred tax arising on remeasurement gains on defined benefit plan	1.06	0.74
<b>Total income tax expense</b>	<b>1,249.45</b>	<b>27.45</b>

#### Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurement of the net defined benefit liability/asset	4.19	(1.06)	3.13	2.96	(0.74)	2.22
<b>Total</b>	<b>4.19</b>	<b>(1.06)</b>	<b>3.13</b>	<b>2.96</b>	<b>(0.74)</b>	<b>2.22</b>

Note : The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019

#### b. Reconciliation of total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit before tax	25.17%	5,119.84	25.17%	244.26
Computed tax expense		1,288.56		61.48
<b>Effect of:</b>				
Non-deductible expenses	0.41%	20.82	5.65%	13.80
Deduction under chapter VI-A	-1.19%	(60.99)	-19.99%	(48.82)
Others	0.00%	-	0.10%	0.25
<b>Effective tax rate/income tax expense reported in the Statement of profit and loss</b>	<b>24.38%</b>	<b>1,248.39</b>	<b>10.93%</b>	<b>26.71</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 36. Earning per share \*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a) Basic earning per share</b>		
Profit for the year before Other comprehensive income as per the Statement of profit and loss	3,871.45	217.55
Profit after tax for calculation of basic EPS and diluted EPS	3,871.45	217.55
Weighted average number of equity shares outstanding at the year ended	89.42	81.50
<b>b) Diluted earning per share</b>		
Profit for the year before Other comprehensive income as per Statement of profit and loss	3,871.45	217.55
Weighted average number of equity shares outstanding during the year - basic	89.42	81.50
Add: Weighted average number of potential equity shares on account of employee stock options	0.34	0.92
Weighted average number of equity shares outstanding at the year ended - diluted	89.76	82.42
<b>Earning per share</b>		
Basic - par value of ₹10 each	43.29	2.67
Diluted - par value of ₹10 each	43.13	2.64

### 37. Segment reporting

The Managing Director(MD) and Chief Executive Officer(CEO) of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker (CODM).

The Company operates under the principal business segment viz. "micro financing activities " in India. The CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided. There are no individual customer contributing more than 10% of Company's total revenue. There are no operation outside India and hence there is no external revenue or assets which require disclosure.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 38. Employee benefit plan

The Company operates the following post-employment plans -

#### i. Defined contribution plan

The Company makes contribution, determined as a specified percentage of employees salaries, in respect of qualified employees towards provident fund and other funds which are defined contribution plans. The Company has no obligation other than this to make the specified contribution. The contribution is charged to the Statement of profit and loss as they accrue.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Contribution to provident funds*	155.33	117.67
Contribution to employee state insurance	34.78	26.96
National pension scheme	1.57	1.31
Labour welfare fund	0.82	0.56
<b>Total</b>	<b>192.50</b>	<b>146.50</b>

\*Contribution to provident fund for March 31, 2023 : Nil (March 31, 2022 : ₹1.71 million) received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana".

#### ii. Defined benefit plan

##### Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service as per The Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past year service cost, were measured using the projected unit credit method.

The following tables summarized the components of net benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation	118.17	94.83
Fair value of plan assets	105.10	91.10
Net defined benefit liability/(asset) *	<b>13.07</b>	<b>3.73</b>

\* The amount disclosed in note 21 for the year ended March 31, 2023 and March 31, 2022 include ₹0.2 million, advanced to gratuity trust for bank account opening.

Amount recognized in the statement of profit and loss is as under:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	30.97	25.77
Net interest cost/(income) on the net defined benefit liability/(asset)	0.23	0.30
<b>Expenses recognized in the statement of profit and loss</b>	<b>31.20</b>	<b>26.07</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### Amount recognized in the other comprehensive income:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial gain/(loss) recognized during the year	4.20	2.96
	<b>4.20</b>	<b>2.96</b>

#### (a) Funding

The scheme is fully funded with Kotak Gratuity Group Plan. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. Employees do not contribute to the plan.

Expected contribution to gratuity plan for next year is as on March 31 2023 is ₹48.69 million and ₹35.74 million for March 31, 2022.

#### (b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	As at March 31, 2023			As at March 31, 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	94.83	91.10	3.73	70.57	65.19	5.38
<b>Included in profit or loss</b>						-
Current service cost	30.97	-	30.97	25.77	-	25.77
Interest cost (income)	5.78	5.55	0.23	3.98	3.68	0.30
<b>Total</b>	<b>36.75</b>	<b>5.55</b>	<b>31.20</b>	<b>29.75</b>	<b>3.68</b>	<b>26.07</b>
<b>Included in Other comprehensive income</b>						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						-
- demographic assumptions	(7.74)	-	(7.74)	-	-	-
- financial assumptions	5.12	-	5.12	(2.35)	-	(2.35)
- experience adjustment	(4.70)	-	(4.71)	0.37	-	0.37
-Return on plan assets excluding interest income	-	(3.13)	3.13	-	0.98	(0.98)
<b>Total</b>	<b>(7.32)</b>	<b>(3.13)</b>	<b>(4.20)</b>	<b>(1.98)</b>	<b>0.98</b>	<b>(2.96)</b>
<b>Other</b>						
Contribution paid by the employer	-	11.62	(11.62)	-	21.35	(21.35)
Benefits paid	(6.09)	(0.05)	(6.04)	(3.51)	(0.10)	(3.41)
<b>Total</b>	<b>(6.09)</b>	<b>11.57</b>	<b>(17.66)</b>	<b>(3.51)</b>	<b>21.25</b>	<b>(24.76)</b>
<b>Balance at the end of the year</b>	<b>118.17</b>	<b>105.10</b>	<b>13.07</b>	<b>94.83</b>	<b>91.10</b>	<b>3.73</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### (c) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at March 31, 2023	As at March 31, 2022
Investment with Kotak gratuity group plan	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

### (d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.25%	6.10%
Future long term salary growth	12.00%	10.00%
Withdrawal rate:	26.00%	22.00%
Retirement age (in year)	60.00	60.00
Expected rate of return on plan assets	7.25%	6.10%
Mortality	100% of IALM 2012-14	100% of IALM 2012-14

### (e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Impact on defined benefit obligation		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	113.04	123.75	89.95	100.21
Salary growth rate (1.00% movement)	123.46	113.21	99.96	90.07
Attrition rate (1.00% movement)	116.53	119.92	93.33	96.43
Mortality rate (10.00% movement)	118.16	118.19	94.82	94.84

### (f) Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2023	As at March 31, 2022
1 year	21.44	13.15
Between 2-5 years	75.29	54.10
Between 6-10 years	48.75	39.96
Over 10 years	27.71	31.66
<b>Total</b>	<b>173.19</b>	<b>138.87</b>

As at March 31, 2023, the weighted-average duration of the defined benefit obligation was 4 years (March 31, 2022 - 5 years).

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### (g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such the Company is exposed to various risks as follows -

**Interest rate risk :** The plan exposes the Company to the risk of fall in interest rate. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability

**Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time

**Salary increases :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Investment risk :** The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Discount rate :** Reduction in discount rate in subsequent valuations can increase the plan's liability.

**Mortality & disability :** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

**Withdrawals :** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

### iii Compensated absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future periods. Amount recognised in the Statement of profit and loss for compensated absences is as under-

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount recognised in statement of profit and loss	27.54	21.38
<b>Amount recognized in the balance sheet:</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Present value of obligation as at the end	56.34	46.52

- iv The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 39. Amount payable to micro small and medium enterprises

The Ministry of Micro Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the 'entrepreneurs memorandum number' as allotted after filling of the memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at March 31, 2023 has been made in the financial statements (refer note 15) based on information received and available with the Company.

### 40. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
Cash and cash equivalents	9,503.61	-	9,503.61	10,113.72	-	10,113.72
Bank balance other than cash and cash equivalents	759.65	387.01	1,146.66	920.87	501.39	1,422.26
Trade receivables	143.81	-	143.81	42.53	-	42.53
Loans	50,409.08	30,006.50	80,415.58	36,339.32	22,842.62	59,181.94
Other financial assets	923.46	45.74	969.20	549.71	15.34	565.05
Derivative financial instrument	-7.77	9.16	1.39			
<b>Non-financial assets</b>						
Current tax assets (net)	-	383.57	383.57	-	353.61	353.61
Deferred tax assets (net)	-	777.46	777.46	-	867.56	867.56
Property, plant and equipment	-	132.80	132.80	-	122.04	122.04
Capital work-in-progress	2.51	-	2.51	-	-	-
Right of use asset	-	76.58	76.58	-	69.17	69.17
Intangible assets	-	0.23	0.23	-	0.71	0.71
Other non financial assets	81.92	0.05	81.97	165.69	0.54	166.23
<b>Total Assets</b>	<b>61,816.27</b>	<b>31,819.10</b>	<b>93,635.37</b>	<b>48,131.84</b>	<b>24,772.97</b>	<b>72,904.82</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Derivative financial instrument	-	-	-	29.70	47.41	77.11
Trade payables	813.95	-	813.95	374.39	-	374.39
Debt securities	2,323.05	3,964.95	6,288.00	3,234.82	4,602.94	7,837.76
Borrowings (other than debt securities)	37,616.98	22,749.10	60,366.08	29,867.97	18,426.69	48,294.66
Subordinated liabilities	599.51	530.40	1,129.91	499.66	1,126.01	1,625.67
Other financial liabilities	1,490.97	85.99	1,576.96	1,061.56	74.96	1,136.52
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	7.12	-	7.12	1.04	-	1.04
Provisions	57.81	52.49	110.30	31.76	39.92	71.68
Other non-financial liabilities	123.86	-	123.86	106.48	-	106.48
<b>Total Liabilities</b>	<b>43,033.25</b>	<b>27,382.93</b>	<b>70,416.18</b>	<b>35,207.38</b>	<b>24,317.93</b>	<b>59,525.31</b>
<b>Net Assets</b>	<b>18,783.02</b>	<b>4,436.17</b>	<b>23,219.19</b>	<b>12,924.46</b>	<b>455.04</b>	<b>13,379.51</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 41. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows :

Particulars	Debt securities	Borrowings (other than debt securities)	Subordinated liabilities	Total
<b>Cash flows:</b>				
<b>April 1, 2022</b>	<b>7,837.76</b>	<b>48,294.66</b>	<b>1,625.67</b>	<b>57,758.09</b>
Repayment	(3,353.66)	(38,082.04)	(500.00)	(41,935.70)
Proceeds	1,800.00	50,150.00	-	51,950.00
<b>Non Cash:</b>				
Amortisation of upfront fees	3.90	(42.70)	4.24	(34.56)
Exchange differences (net)		46.16	-	46.16
<b>March 31, 2023</b>	<b>6,288.00</b>	<b>60,366.08</b>	<b>1,129.91</b>	<b>67,783.99</b>
<b>Cash flows:</b>				
<b>April 1, 2021</b>	<b>9,904.50</b>	<b>33,250.79</b>	<b>1,167.21</b>	<b>44,322.50</b>
Repayment	(2,531.01)	(25,905.28)	(70.00)	(28,506.29)
Proceeds	450.00	41,043.00	550.00	42,043.00
<b>Non Cash:</b>				-
Amortisation of upfront fees	14.27	(50.04)	(21.54)	(57.31)
Exchange differences (net)		(43.81)	-	(43.81)
<b>March 31, 2022</b>	<b>7,837.76</b>	<b>48,294.66</b>	<b>1,625.67</b>	<b>57,758.09</b>

### 42. Share based compensation

#### A. Description of share-based payment arrangements

##### i. Share option programme (equity settled)

The Company has granted stock options to certain employees of the Company under the 'Employee Stock Option Scheme 2014' (Scheme 2014) and 'Employee Stock Option Scheme 2016' (Scheme 2016). The key terms and conditions related to the grant of the stock options are as follows:

- The ESOP Scheme 2014 was effective from June 30, 2014 and has been wind up on 26<sup>th</sup> March 2023 with the approval of the members by passing special resolution and the balance equity shares were transferred in the ESOP 2023 scheme. The ESOP Scheme 2016 is effective from January 16, 2017 and is administered through a ESOP Trust (Fusion Employees Benefit Trust). The ESOP Scheme 2023 has been approved by the members by passing special resolution dated 26<sup>th</sup> March 2023 and is administered through a ESOP Trust (Fusion Employees Benefit Trust).
- The scheme provides that, subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within a specified period.
- The Company has formed Fusion ESOP Trust on September 27, 2014 to issue ESOPs to employees of the Company as per the respective scheme. The Company has given interest and collateral free loan to the ESOP trust, to provide financial assistance to purchase equity shares of the Company under such schemes. The Trust in turn allots the shares to employees on exercise of their right against cash consideration.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

- d) As on March 31, 2023, the ESOP trust have 2,85,266 equity shares, (March 31, 2022 - 15,65,985). The ESOP Trust does not have any transaction other than those mentioned above, hence it is treated as an integral part of the Company and accordingly gets consolidated with the books of the Company. As at March 31, 2023, the Company has reduced the shares allotted to ESOP Trust amounting ₹2.85 million (March 31, 2022 - ₹15.66 million) from the share capital and ₹41.04 million (March 31, 2022 - ₹126.70 million) from the share premium. These are shown as treasury shares.
- e) The eligible employees shall exercise their option to acquire the shares of the Company within a period of eight periods from the end of vesting period. The plan shall be administered, supervised and implemented by the board.

These options shall vest on graded basis as follows:

Time period	Percentage	Vesting condition
On completion of 1 year	25%	Service
On completion of 2 years	25%	Service
On completion of 3 years	25%	Service
On completion of 4 years	25%	Service

### B Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan

Particulars	March 31, 2023		March 31, 2022	
	Number of share options	Average exercise price per share	Number of share options	Average exercise price per share
Outstanding options at the beginning of the year	23,49,107	199.07	20,70,558	156.57
Add: Granted during the year	5,76,250	339.48	5,18,500	327.50
Less: Lapsed/forfeited during the year	1,68,034	300.01	65,310	165.12
Less: Exercised during the year	12,80,719	125.85	1,74,641	89.28
<b>Outstanding options at the end of the year</b>	<b>14,76,604</b>	<b>305.89</b>	<b>23,49,107</b>	<b>199.07</b>

Options exercisable at the end of the year

2,01,635

9,96,477

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2023 was ₹167.48 (March 31, 2022 - ₹129.07).

### C Share options outstanding at the end of the year have the following contractual expiry date and exercise options

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2023	As at March 31, 2022
<b>March 31, 2016</b>	<b>2,17,000</b>				
Tranche 1	54,250	March 31, 2025	27.08	-	10,250
Tranche 2	54,250	March 31, 2026	27.08	-	10,250
Tranche 3	54,250	March 31, 2027	27.08	-	10,250
Tranche 4	54,250	March 30, 2028	27.08	-	20,000
<b>March 31, 2017</b>	<b>3,41,900</b>				
Tranche 1	85,475	March 31, 2026	37.99	-	45,133

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### C Share options outstanding at the end of the year have the following contractual expiry date and exercise options (contd.)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2023	As at March 31, 2022
Tranche 2	85,475	March 31, 2027	37.99	-	58,560
Tranche 3	85,475	March 30, 2028	37.99	-	67,693
Tranche 4	85,475	March 30, 2029	37.99	-	73,700
<b>March 31, 2018</b>	<b>3,30,540</b>				
Tranche 1	82,635	March 31, 2027	64.08	1,061	42,658
Tranche 2	82,635	March 30, 2028	64.08	1,060	44,002
Tranche 3	82,635	March 30, 2029	64.08	1,061	46,323
Tranche 4	82,635	March 30, 2030	64.08	1,059	50,198
<b>March 31, 2019</b>	<b>4,34,720</b>				
Tranche 1	1,08,680	March 31, 2028	110.00	-	56,093
Tranche 2	1,08,680	March 31, 2029	110.00	-	56,092
Tranche 3	1,08,680	March 31, 2030	110.00	-	72,055
Tranche 4	1,08,680	March 31, 2031	110.00	-	85,063
<b>September 30, 2019</b>	<b>5,46,180</b>				
Tranche 1	1,36,545	September 30, 2028	154.04	1,501	1,07,781
Tranche 2	1,36,545	September 30, 2029	154.04	1,499	1,12,010
Tranche 3	1,36,545	September 30, 2030	154.04	3,626	1,29,910
Tranche 4	1,36,545	September 30, 2031	154.04	1,24,819	1,29,910
<b>November 8, 2019</b>	<b>31,790</b>				
Tranche 1	7,948	November 8, 2028	154.04	-	3,611
Tranche 2	7,948	November 8, 2029	154.04	-	5,848
Tranche 3	7,948	November 8, 2030	154.04	2,560	6,898
Tranche 4	7,948	November 8, 2031	154.04	5,848	6,898
<b>February 18, 2020</b>	<b>13,000</b>				
Tranche 1	3,250	February 18, 2029	290.48	1,050	2,200
Tranche 2	3,250	February 18, 2030	290.48	1,050	2,200
Tranche 3	3,250	February 18, 2031	290.48	1,050	2,200
Tranche 4	3,250	February 19, 2032	290.48	1,050	2,200
<b>August 19, 2020</b>	<b>1,62,000</b>				
Tranche 1	40,500	August 19, 2029	290.48	1,750	39,125
Tranche 2	40,500	August 19, 2030	290.48	1,750	39,500
Tranche 3	40,500	August 19, 2031	290.48	36,500	39,500
Tranche 4	40,500	August 19, 2032	290.48	36,500	39,500

## Notes to the Financial Statements

For the year ended March 31, 2023

*(All amounts are in ₹ millions unless otherwise stated)*

### C Share options outstanding at the end of the year have the following contractual expiry date and exercise options (contd.)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2023	As at March 31, 2022
<b>November 9, 2020</b>	<b>67,500</b>				
Tranche 1	16,875	November 9, 2029	290.48	2,000	16,875
Tranche 2	16,875	November 9, 2030	290.48	9,500	16,875
Tranche 3	16,875	November 9, 2031	290.48	16,875	16,875
Tranche 4	16,875	November 9, 2032	290.48	16,875	16,875
<b>February 5, 2021</b>	<b>3,55,000</b>				
Tranche 1	88,750	February 5, 2030	290.48	24,625	86,375
Tranche 2	88,750	February 5, 2031	290.48	51,935	86,375
Tranche 3	88,750	February 5, 2032	290.48	76,000	86,375
Tranche 4	88,750	February 5, 2033	290.48	76,000	86,375
<b>February 14, 2022</b>	<b>5,18,500</b>				
Tranche 1	1,29,625	February 14, 2031	327.50	93,500	1,29,625
Tranche 2	1,29,625	February 14, 2032	327.50	1,11,750	1,29,625
Tranche 3	1,29,625	February 14, 2033	327.50	1,11,750	1,29,625
Tranche 4	1,29,625	February 14, 2034	327.50	1,11,750	1,29,625
<b>October 13, 2022</b>	<b>5,76,250</b>				
Tranche 1	1,44,062	October 13, 2031	339.48	1,37,313	-
Tranche 2	1,44,063	October 13, 2032	339.48	1,37,313	-
Tranche 3	1,44,062	October 13, 2033	339.48	1,37,313	-
Tranche 4	1,44,063	October 13, 2034	339.48	1,37,313	-
<b>Outstanding options at the end of the year</b>				<b>14,76,604</b>	<b>23,49,107</b>
Weighted average remaining contractual life of options outstanding at the end of the year				<b>9.39 years</b>	<b>8.39 years</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### D. Measurement of fair values

#### i. Equity-settled share-based payment arrangements

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option granted during the financial year 2022-23 was ranged between 108.13-143.55 (during the Previous Year 2021-22 was ranged between 116.48 - 154.35).

The fair value of options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plans are as follows:

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
<b>March 31, 2016</b>						
Tranche 1	March 31, 2025	45.00%	27.08	51.90	7.18%	30.69
Tranche 2	March 31, 2026	45.00%	27.08	51.90	7.32%	32.84
Tranche 3	March 31, 2027	45.00%	27.08	51.90	7.43%	34.74
Tranche 4	March 30, 2028	45.00%	27.08	51.90	7.51%	36.42
<b>March 31, 2017</b>						
Tranche 1	March 31, 2026	45.00%	37.99	80.40	6.45%	51.16
Tranche 2	March 31, 2027	45.00%	37.99	80.40	6.62%	53.92
Tranche 3	March 30, 2028	45.00%	37.99	80.40	6.77%	56.41
Tranche 4	March 30, 2029	45.00%	37.99	80.40	6.88%	58.65
<b>March 31, 2018</b>						
Tranche 1	March 31, 2027	45.00%	64.08	82.30	6.94%	38.69
Tranche 2	March 30, 2028	45.00%	64.08	82.30	7.13%	43.26
Tranche 3	March 30, 2029	45.00%	64.08	82.30	7.28%	47.22
Tranche 4	March 30, 2030	45.00%	64.08	82.30	7.40%	50.68
<b>March 31, 2019</b>						
Tranche 1	March 31, 2028	46.30%	110.00	111.10	7.01%	56.07
Tranche 2	March 31, 2029	46.30%	110.00	111.10	7.12%	61.43
Tranche 3	March 31, 2030	46.30%	110.00	111.10	7.22%	66.18
Tranche 4	March 31, 2031	46.30%	110.00	111.10	7.30%	70.42
<b>September 30, 2019</b>						
Tranche 1	September 30, 2028	45.00%	154.04	111.10	6.31%	42.37
Tranche 2	September 30, 2029	45.00%	154.04	111.10	6.46%	48.42
Tranche 3	September 30, 2030	45.00%	154.04	111.10	6.59%	53.90
Tranche 4	September 30, 2031	45.00%	154.04	111.10	6.70%	58.86
<b>November 8, 2019</b>						
Tranche 1	November 8, 2028	45.00%	154.04	213.60	6.25%	124.09
Tranche 2	November 8, 2029	45.00%	154.04	213.60	6.43%	132.58
Tranche 3	November 8, 2030	45.00%	154.04	213.60	6.59%	140.16
Tranche 4	November 8, 2031	45.00%	154.04	213.60	6.71%	146.93

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For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
<b>February 18, 2020</b>						
Tranche 1	February 18, 2029	45.00%	290.48	213.60	6.08%	82.04
Tranche 2	February 18, 2030	45.00%	290.48	213.60	6.23%	93.50
Tranche 3	February 18, 2031	45.00%	290.48	213.60	6.35%	103.81
Tranche 4	February 18, 2032	45.00%	290.48	213.60	6.44%	113.13
<b>August 19, 2020</b>						
Tranche 1	August 19, 2029	49.60%	290.48	185.20	5.52%	68.68
Tranche 2	August 19, 2030	49.60%	290.48	185.20	5.77%	79.33
Tranche 3	August 19, 2031	49.60%	290.48	185.20	5.97%	88.91
Tranche 4	August 19, 2032	49.60%	290.48	185.20	6.12%	97.52
<b>November 9, 2020</b>						
Tranche 1	November 9, 2029	52.70%	290.48	193.80	5.31%	78.61
Tranche 2	November 9, 2030	52.70%	290.48	193.80	5.58%	89.76
Tranche 3	November 9, 2031	52.70%	290.48	193.80	5.81%	99.74
Tranche 4	November 9, 2032	52.70%	290.48	193.80	5.99%	108.67
<b>February 5, 2021</b>						
Tranche 1	February 5, 2030	52.70%	290.48	193.80	5.63%	79.47
Tranche 2	February 5, 2031	52.70%	290.48	193.80	5.89%	90.68
Tranche 3	February 5, 2032	52.70%	290.48	193.80	6.10%	100.69
Tranche 4	February 5, 2033	52.70%	290.48	193.80	6.27%	109.64
<b>February 14, 2022</b>						
Tranche 1	February 14, 2031	54.50%	327.50	250.10	5.98%	116.48
Tranche 2	February 14, 2032	54.50%	327.50	250.10	6.29%	130.74
Tranche 3	February 14, 2033	54.50%	327.50	250.10	6.54%	143.29
Tranche 4	February 14, 2034	54.50%	327.50	250.10	6.72%	154.35
<b>October 13, 2022</b>						
Tranche 1	October 13, 2031	54.20%	339.48	236.60	7.34%	108.13
Tranche 2	October 13, 2032	54.20%	339.48	236.60	7.38%	121.54
Tranche 3	October 13, 2033	54.20%	339.48	236.60	7.39%	133.25
Tranche 4	October 13, 2034	54.20%	339.48	236.60	7.39%	143.55

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility approximates historical volatility.

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For the year ended March 31, 2023

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### 43. Related party disclosure

#### i. Names of the related party and nature of relationship:-

Description of relationship	Designation	As at March 31, 2023	As at March 31, 2022
Key Management Personnel	Managing Director and Chief Executive Officer	Devesh Sachdev	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari	Gaurav Maheshwari
	Company Secretary and Compliance Officer	Deepak Madaan	Deepak Madaan
Directors	Independent Director*	Ms. Namrata Kaul	Ms. Namrata Kaul
		Mr. Pankaj Vaish	Mr. Pankaj Vaish
		Ms. Ratna Dharashree Vishwanathan	Ms. Ratna Dharashree Vishwanathan
			Mr. Shobinder Duggal
	Nominee Director	Mr. Narendra Ostawal	Mr. Narendra Ostawal
	Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele	
Entities exercising significant influence over the Company	Shareholder	Creation Investments Fusion, LLC, Chicago, U.S.A.	Creation Investments Fusion, LLC, Chicago, U.S.A.
		Creation Investments Fusion II, LLC, Chicago, U.S.A.	Creation Investments Fusion II, LLC, Chicago, U.S.A.
		Honey Rose Investment Ltd	Honey Rose Investment Ltd
Entities under Common Controlling interest		Vivriti Capital Private Limited	Vivriti Capital Private Limited
		Vivriti Asset Management Private Limited	-
Post Employment benefits plan	Gratuity Trust	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund

\* Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

\* Ms. Namrata Kaul was re-appointed as an Independent Director w.e.f February 18, 2023 for a second term of five consecutive years.

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(All amounts are in ₹ millions unless otherwise stated)

### ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the year ended March 31, 2023	For the year ended March 31, 2022
Mr. Devesh Sachdev	Managerial remuneration	45.63	37.50
	Amount received against partly paid up shares	-	641.51
Mr. Gaurav Maheshwari	Remuneration	11.98	8.39
Mr. Deepak Madaan	Remuneration	7.82	4.50
Ms. Ratna Dharashree Vishwanathan	Sitting fees	1.47	1.26
Mr. Shobinder Duggal	Sitting fees	-	0.43
Ms. Namrata Kaul	Sitting fees	1.56	1.45
Mr. Pankaj Vaish	Sitting fees	1.37	0.75
	Reimbursement of travelling expenses	0.23	0.03
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment	11.62	21.35
Vivriti Asset Management Private Limited	Proceeds from debt securities	350.00	-
Vivriti Asset Management Private Limited	Repayment to Debt Securities	116.67	-
Vivriti Asset Management Private Limited	Interest payment	33.76	-
Vivriti Capital Private Limited	Proceeds from subordinated debt	-	250.00
Vivriti Capital Private Limited	Loan Processing Fees	-	3.75
Vivriti Capital Private Limited	Interest payment	32.50	-

### The amount payable to related parties:

Name of the related party	Nature of transaction	As at March 31, 2023	As at March 31, 2022
Vivriti Capital Private Limited	Subordinated debt	245.25	244.47
Vivriti Asset Management Private Limited	Non-convertible debentures	232.90	-
Vivriti Asset Management Private Limited	Non-convertible debentures- Interest Accrued but not Due	0.07	-

### Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

As the provision for gratuity, leave compensation and share based compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits .

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 44. Financial instruments - fair value and risk management

#### A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	As at March 31, 2023	
	Carrying value at Amortised cost	Fair value
<b>At amortised cost</b>		
<b>Financial assets:</b>		
Cash and cash equivalents	9,503.61	9,503.61
Bank balances other than cash and cash equivalents	1,146.66	1,146.66
Trade receivables	143.81	143.81
Loans	80,415.58	81,794.91
Other financial assets	969.20	969.20
	92,178.86	93,558.19
<b>At fair value through profit or loss</b>		
Derivative financial instrument	1.39	1.39
	1.39	1.39
	92,180.25	93,559.58
<b>Financial liabilities:</b>		
Trade payables	813.95	813.95
Debt securities	6,288.00	6,482.19
Borrowings (other than debt securities)	60,366.08	60,753.57
Subordinated liabilities	1,129.91	1,214.34
Other financial liabilities	1,576.96	1,576.96
	70,174.90	70,841.00

Particulars	As at March 31, 2022	
	Carrying value at Amortised cost	Fair value
<b>At amortised cost</b>		
<b>Financial assets:</b>		
Cash and cash equivalents	10,113.72	10,113.72
Bank balances other than cash and cash equivalents	1,422.26	1,422.26
Trade receivables	42.53	42.53
Loans	59,181.94	60,225.94
Other financial assets	565.05	565.05
	71,325.50	72,369.50



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For the year ended March 31, 2023

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Particulars	As at March 31, 2022	
	Carrying value at Amortised cost	Fair value
<b>Financial liabilities:</b>		
Trade payables	374.39	374.39
Debt securities	7,837.76	8,076.25
Borrowings (other than debt securities)	48,294.66	48,416.68
Subordinated liabilities	1,625.67	1,785.96
Other financial liabilities	1,136.52	1,136.52
	<b>59,269.00</b>	<b>59,789.80</b>
<b>At fair value through profit or loss</b>		
Derivative financial instrument	77.11	77.11
	<b>77.11</b>	<b>77.11</b>
	<b>59,346.11</b>	<b>59,866.91</b>

### B. Fair value hierarchy of assets and liabilities

#### B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Derivative financial instrument	1.39	-	1.39		1.39
	<b>1.39</b>	<b>-</b>	<b>1.39</b>	<b>-</b>	<b>1.39</b>

As at March 31, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities:					
Derivative financial instrument	77.11	-	77.11	-	77.11
	<b>77.11</b>	<b>-</b>	<b>77.11</b>	<b>-</b>	<b>77.11</b>

#### B.2 Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2023	Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Loans	80,415.58	-		81,794.91	81,794.91
	<b>80,415.58</b>	<b>-</b>	<b>-</b>	<b>81,794.91</b>	<b>81,794.91</b>
<b>Financial liabilities:</b>					
Debt securities	6,288.00	-	6,482.19		6,482.19
Borrowings (other than debt securities)	60,366.08	-	60,753.57		60,753.57
Subordinated liabilities	1,129.91	-	1,214.34		1,214.34
	<b>67,783.99</b>	<b>-</b>	<b>68,450.10</b>	<b>-</b>	<b>68,450.10</b>

## Notes to the Financial Statements

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(All amounts are in ₹ millions unless otherwise stated)

As at March 31, 2022	Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Loans	59,181.94	-	-	60,225.94	60,225.94
	<b>59,181.94</b>	-	-	<b>60,225.94</b>	<b>60,225.94</b>
<b>Financial liabilities:</b>					
Debt securities	7,837.76	-	8,076.25	-	8,076.25
Borrowings (other than debt securities)	48,294.66	-	48,416.68	-	48,416.68
Subordinated liabilities	1,625.67	-	1,785.96	-	1,785.96
	<b>57,758.09</b>	-	<b>58,278.89</b>	-	<b>58,278.89</b>

The management assessed that carrying value of financial assets (other than loan and investments) and financial liabilities (other than debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

### C. Valuation framework

The Managing Director(MD) and Chief Executive Officer(CEO) of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker (CODM).

The Company operates under the principal business segment viz. "micro financing activities " in India. The CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided. There are no individual customer contributing more than 10% of Company's total revenue. There are no operation outside India and hence there is no external revenue or assets which require disclosure.

**Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2 :** The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**Level 3 :** If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. The Company uses historical experience and other information used

## Notes to the Financial Statements

For the year ended March 31, 2023

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in its collective impairment models. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults. The significant unobservable input is the discount rate determined using the cost of lending of the company.

The fair values of the Company's fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

The Company has entered into derivative financial instruments with counterparty being a financial institution with investment grade credit ratings. Currency and Interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. As at March 31, 2023, the mark-to-market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk.

### 45. Transfers of financial assets

#### Assignment transactions:

The Company generally enters into assignment deals, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109 is being met as substantially all the risks and rewards relating to assets being transferred to the buyer, hence the assets have been derecognised.

The management evaluates the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognized financial assets and the gain on derecognition during the year

Particulars	Carrying amount of derecognized financial assets	Gain from derecognition
<b>Assignment</b>		
For the year ended March 31, 2023	12,264.36	968.58
For the year ended March 31, 2022	6,934.54	607.95

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognized at its present value on the date of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset.

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### 46. Financial risk management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the board of directors.

The Company has identified and implemented comprehensive policies and procedure to assess, monitor and manage risk throughout Company. The risk management process is continuously reviewed, improved and adopted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes stock of the risk landscape on an event driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

#### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit that undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### A. Credit risk

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. As per risk management policy of the Company, it only deals with counterparties, which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk is the risk of loss that may occur from defaults by our borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details and usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

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The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in rural areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

The Company believes that the Micro finance loans (MFI) have shared risk characteristics (i.e. homogeneous) across various states in India. Similarly, the MSME loans are considered to have shared risk characteristics. Accordingly, the Company believes that these product categories are the best measure of credit risk concentration. Refer note 6 for the product wise loan balances.

### (a) Probability of default (PD)

PD describes the probability of a loan to eventually falling into stage 3. PD percentage is calculated for entire loan portfolio and is determined by using available historical observations.

PD for stage 1: is derived as percentage of all loans in stage 1 moving into stage 3 in 12-months' time.

PD for stage 2: is derived as percentage of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.

PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

Macroeconomic information (such as regulatory changes, market interest rate or inflation) is incorporated as part of the internal assessment. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

### (b) Exposure at default (EAD)

EAD is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

### (c) Loss given default (LGD)

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan is considered credit impaired. Recovery rate is the total of discounted value of all the recoveries on the credit impaired loan account divided by the outstanding of the loan account after its first default.  $LGD = 1 - (\text{Recovery rate})$ .

### (d) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.



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### e) Expected credit loss on Loans

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the internal assessment of the historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

i) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

ii) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

iii) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal assessment and forward-looking information to assess deterioration in credit quality of a financial asset.

### Expected credit loss on other financial assets

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

The Company monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company supplements this by reviewing changes in government bond yields together with available press and regulatory information about issuers.

## 47. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has assets liability management (ALM) policy and ALM Committee to review and monitor liquidity risk and ensure the compliance with the prescribed regulatory requirement. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and

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evaluating them for any mismatches in any particular maturities, particularly in the short-term. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The following are the contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at March 31 , 2023	Contractual cash flows								Total
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	
<b>Financial liabilities</b>									
Borrowings (other than debt securities)	3,425.06	4,035.86	3,991.92	11,326.76	19,327.69	23,691.86	253.71	-	66,052.86
Debt securities	269.28	130.89	451.48	409.10	3,660.77	2,292.18	-	-	7,213.70
Subordinated liabilities	12.47	12.89	12.93	338.13	341.91	137.66	644.94	-	1,500.93
Other financial liabilities	1,352.95	96.67	22.17	15.96	4.64	22.58	31.29	30.70	1,576.96
Trade payables	693.95	-	120.00	-	-	-	-	-	813.95
<b>Total undiscounted financial liabilities</b>	<b>5,753.71</b>	<b>4,276.31</b>	<b>4,598.50</b>	<b>12,089.95</b>	<b>23,335.01</b>	<b>26,144.28</b>	<b>929.94</b>	<b>30.70</b>	<b>77,158.40</b>

As at March 31 , 2022	Contractual cash flows								Total
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	
<b>Financial liabilities</b>									
Borrowings (other than debt securities)	3,291.78	2,551.42	3,152.18	10,223.29	13,953.08	18,901.56	736.27	-	52,809.58
Debt securities	22.00	2,124.91	146.05	1,176.72	627.89	4,874.21	-	-	8,971.78
Subordinated liabilities	12.82	12.79	30.18	56.52	610.93	790.67	137.66	576.27	2,227.84
Derivative financial instrument	27.11	0.25	0.24	0.72	1.39	47.41	-	-	77.12
Other financial liabilities	1,058.09	148.24	16.48	29.68	-	-	-	-	1,252.49
Trade payables	124.06	52.53	-	-	-	-	-	-	176.59
<b>Total undiscounted financial liabilities</b>	<b>4,535.86</b>	<b>4,890.14</b>	<b>3,345.13</b>	<b>11,486.93</b>	<b>15,193.29</b>	<b>24,613.85</b>	<b>873.93</b>	<b>576.27</b>	<b>65,515.40</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 48. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, credit, liquidity etc. The Company is exposed to three type's of market risks as follows:

#### (i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods.

We assess and manage our interest rate risk by managing our assets and liabilities. Our Assets Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loan given.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For this, during period ended March 31, 2023, the company has external commercial borrowings on which the company has entered an interest rate swap agreement whereby the company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2023	March 31, 2022
0.50 % Increase	181.26	105.54
0.50 % Decrease	(181.26)	(105.54)

#### (ii) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments. As of March 31, 2023 and March 31, 2022, the company does not have any exposure to mutual funds.

#### (iii) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. For hedges of forecasted transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The Company hedges its exposure to fluctuations on the translation into INR of its foreign currency transactions by using foreign currency swaps and forwards. At March 31, 2023, the Company hedged 100% (March 31, 2022: 100%), for entire term of borrowing, of its expected interest and principle repayments on External commercial borrowings. This foreign currency risk is hedged by using foreign currency forward contracts. (refer note 2.3.2)

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Details of borrowings denominated in foreign currency and derivatives (i.e., currency and interest rate swaps) held for risk management purposes as economic hedges:

### Foreign currency in millions

Particulars	As at March 31, 2023	As at March 31, 2022
	Euro	Euro
Borrowings		
External commercial borrowings	10.00	10.00
Less: Currency and Interest rate swaps	10.00	10.00
Unhedged External commercial borrowings	-	-

### 49. Capital Management Risk

The Company's objective for capital management is to maximize shareholder's value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flow generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. (refer note 53) The Capital management process of the Company ensures to maintain to healthy CRAR at all the time.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on the Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure manner of raising the funds etc.

For the purpose of the Company's capital management, capital includes equity share capital and other equity. Debt includes terms loans from banks, NBFC and debentures net of cash and cash equivalents and bank balances other than cash and cash equivalents. The Company monitors capital on the basis of the following gearing ratio.

#### Gearing Ratio:

Particulars	As at March 31, 2023	As at March 31, 2022
Net Debt*	57,418.49	46,478.96
Total equity	23,219.19	13,379.51
<b>Net debt to equity ratio</b>	<b>2.47</b>	<b>3.47</b>

\* Net Debt includes debt securities + borrowings other than debt securities + Subordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 50. Contingent Liabilities, commitments and contingent assets

#### A Contingent liabilities

There are no Contingent liabilities as at March 31, 2023 and March 31, 2022.

#### B Commitments

	As at March 31, 2023	As at March 31, 2022
Capital commitments [Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) :		
Tangible	1.31	-
Intangible	-	-
<b>Total</b>	<b>1.31</b>	<b>-</b>

#### C Contingent assets

There are no contingent assets as at March 31, 2023 and March 31, 2022.

D The Company has reviewed all litigations having an impact on the financial position, where applicable, has adequately provided for where provision are required . As on March 31, 2023, the Company does not have any material litigation pending with Income tax authorities, Goods and service authorities and other statutory authorities in the ordinary course of business requiring any provision to be provided in books of accounts.

E The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.

### 51. Revenue from contracts with customers

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(a) Type of services</b>		
Facilitation fees (refer note 27)	195.81	13.86
Income from market support services (refer note 30)	376.35	426.87
<b>Total</b>	<b>572.16</b>	<b>440.73</b>
<b>(b) Geographical markets</b>		
India	572.16	440.73
Outside India	-	-
<b>Total</b>	<b>572.16</b>	<b>440.73</b>
<b>(c) Timing of revenue recognition</b>		
Service transferred at a point in time	572.16	440.73
Services transferred over time	-	-
<b>Total</b>	<b>572.16</b>	<b>440.73</b>



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
(d) Trade receivables		
Facilitation fees	36.04	6.42
Market support services	107.78	34.92
<b>Total</b>	<b>143.81</b>	<b>41.34</b>

### 52. Leases

#### Company as a lessee

The Company has its office at Gurugram (corporate office) and Naraina (registered office) under lease arrangement. The corporate office lease has been obtained on a non-cancellable lease term of 3 years which is extendable up to 9 years with an escalation clause at a 3 years interval. Further, the extended part of the corporate office has been obtained on a non-cancellable lease term of 3 years which is extendable up to 7 years with an escalation clause at a 3 years interval which is co-terminus with original corporate office lease. The registered office lease has obtained on a non-cancellable lease term of 3 years which is extendable up to 6 years with an escalation clauses at a 3 years interval. The company's obligations under its leases are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets. The Company has branch offices on lease for which 'short term lease' recognition exemption is applied. Accordingly, lease rentals of ₹188.28 millions for year ended March 31, 2023 (₹139.65 millions for the year ended March 31, 2022 ) on such short term leases has been directly charged to Statement of profit and loss.

Set out below are the carrying amounts of Right of use asset recognized and the movements during the year (Refer note 11):

Particulars	Right of use asset
<b>As at April 1, 2022</b>	<b>69.17</b>
Addition	19.01
Depreciation	11.60
<b>As at March 31, 2023</b>	<b>76.58</b>
<b>As at April 1, 2021</b>	<b>78.19</b>
Addition	-
Depreciation	9.02
<b>As at March 31, 2022</b>	<b>69.17</b>
Set out below are the carrying amounts of lease liabilities and the movements during the year: (Refer note 19)	
<b>As at April 1, 2022</b>	<b>81.82</b>
Addition	19.01
Accretion of interest	10.19
Payments	(17.13)
<b>As at March 31, 2023</b>	<b>93.89</b>
<b>As at April 1, 2021</b>	<b>84.63</b>
Addition	-
Accretion of interest	8.88
Payments	(11.69)
<b>As at March 31, 2022</b>	<b>81.82</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

The following are the amounts recognized in statement of profit or loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of Right of use asset (refer note 11)	11.60	9.02
Interest expense on lease liability (refer note 31)	10.18	8.88
<b>Total amount recognized in profit or loss</b>	<b>21.78</b>	<b>17.90</b>

Total cash outflow for leases for the year March 31, 2023 and March 31, 2022 were ₹205.41 millions, ₹159.02 millions respectively.

The effective interest rate for lease liabilities is 10.72%, 10.35% & 10.53% with maturity between September 2020 - November 2029, between May 2022 - May 2028 and between November 2022 - November 2029 respectively.

### 53. Additional information required by Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

#### a. Capital to risk assets ratio ('CRAR')

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	27.94%	21.94%
CRAR- Tier I (%)	26.59%	19.93%
CRAR- Tier II (%)	1.35%	2.01%
Amount of subordinated debt raised as Tier-II capital	1,129.91	1,625.67
Amount raised by issue of Perpetual Debt Instruments	-	-

#### b. Exposures

i) The Company has no direct and indirect exposure to real estate sector.

ii) The Company has no exposure to capital market.

#### c. Assets liability management:

##### Maturity pattern of certain items of assets and liabilities as on March 31, 2023

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (Note 1)	419.45	721.13	1,864.77	3,543.11	3,957.30	10,691.76	19,342.03	23,575.09	3,669.35	-	67,783.99
Loans & Advances (Note 2)	1,088.11	1,115.88	2,348.56	4,612.27	4,436.09	13,152.40	24,258.51	29,781.04	406.27	161.99	81,361.12

##### Maturity pattern of certain items of assets and liabilities as on March 31, 2022

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (Note 1)	159.23	994.02	1,639.17	3,685.30	3,435.82	10,379.30	13,309.61	21,004.20	2,624.04	527.40	57,758.09
Loans & Advances (Note 2)	895.56	896.66	1,921.19	3,211.44	3,222.85	9,613.07	17,282.14	23,034.38	87.30	66.86	60,231.45

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Note 1 - Borrowings exclude accrued interest

Note 2 - Net of provision towards non-performing loans and advances

### d. Information on instances of fraud :

Instances of fraud reported during the year ended March 31, 2023

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	604	20.96	7.40	13.56

\*includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2022

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	435	12.67	5.96	6.71

\*includes recoveries in respect of frauds reported in earlier years

### e. Ratings assigned by credit rating agencies and migration of ratings during the year:

Particulars	Amount	Credit Rating Agency	Date of Rating	Valid up to	Current Rating	Previous Rating
Bank Loan Rating	15,000.00	Credit Analysis & Research Ltd.	28-Dec-22	See Note 1	CARE A ; Stable	CARE A- ; Stable
Bank Loan Rating	49,700.00	CRISIL Limited	31-Mar-23	See Note 1	CRISIL A ; (Stable)	CRISIL A- ; (Stable)
Non - Convertible Debenture	6,245.00	ICRA Limited	27-Jan-23	See Note 1	[ICRA] A ; (Stable)	[ICRA]A-(Stable)
Non - Convertible Debenture	600.00	Credit Analysis & Research Ltd.	5-May-21	31-Mar-25	CARE A (CE) ; Stable	CARE A (CE); Stable
Non - Convertible Debenture (MLD)	400.00	ICRA Limited	27-Jan-23	See Note 1	ICRA PP-MLD A ; Stable	-
Subordinate Debt (NCD)	300.00	Credit Analysis & Research Ltd.	28-Dec-22	See Note 1	CARE A ; (Stable)	CARE A- (Stable)
Subordinate Debt (NCD)	550.00	ICRA Limited	27-Jan-23	See Note 1	[ICRA] A ; (Stable)	[ICRA]A-(Stable)
Subordinate Debt (Term Loan)	300.00	CRISIL Limited	31-Mar-23	See Note 1	CRISIL A ; (Stable)	CRISIL A -(Stable)
Organization Grading	N.A	CARE Advisory Research and Training Ltd.	7-Mar-22	1-May-24	MFI 1 (One)	MFI 1 (One)

Note 1: Rating is subject to annual surveillance till final repayment/redemption of rated facilities.

\*Bank of Baroda NCD of ₹500.00 million has dual rating (1) ICRA A - Stable (2) CRISIL A - Stable

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### f. Disclosure of Complaints

Particulars	No. of Complaints	
	March 31, 2023	March 31, 2022
No. of complaints pending at the beginning of the year	21	14
No. of complaints received during the year	1886	1214
No. of complaints redressed during the year	1846	1207
No. of complaints pending at the end of the year	61	21

### g. Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers*	24.32	19.97
(%) of advances to twenty largest borrowers to total advances	0.03%	0.03%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers*	24.32	19.97
(%) of exposures to twenty largest borrowers to total exposure	0.03%	0.03%
<b>Concentration of NPAs</b>		
Total exposure to top four NPA accounts	2.15	1.85

\* Does not include interest accrued

### h. Sector wise NPAs\*

Particulars	% of NPA to total advances in that sector	
	As at March 31, 2023	As at March 31, 2022
Agriculture & allied activities #	2.48%	3.82%
MSME	4.57%	8.03%
Corporate borrowers	NA	NA
Services	7.07%	10.64%
Unsecured personal loans	NA	NA
Auto loans	NA	NA

\* interest accrued on loans have not been considered for above calculation

# including manufacturing & production, trade & retail, CS and others.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### i. Movement of NPA's

Particulars	March 31, 2023	March 31, 2022
i) Net NPA to net advances percentage	0.88%	1.74%
ii) Movement of NPAs (Gross)		
a) Opening balance	3,584.25	2,558.90
b) Additions during the year	1,776.75	3,959.74
c) Reduction during the year (write off)	(2,472.01)	(2,934.39)
d) Closing balance	2,888.99	3,584.25
iii) Movement of net NPAs		
a) Opening balance	1,030.28	1,023.68
b) Additions during the year	(322.35)	6.60
c) Reduction during the year	-	-
d) Closing balance	707.93	1,030.28
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	2,553.99	1535.23
b) Provision made during the year	2,099.10	3953.15
c) Write off/ write back of excess provisions	(2,472.01)	(2,934.39)
d) Closing balance	2,181.08	2,553.99

### j. Investments

Particulars	March 31, 2023	March 31, 2022
1. Value of Investments		
(i) Gross value of investments		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	-	-
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/write-back of excess provisions during the year	-	-
Closing balance	-	-



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### j(a). Public disclosure on liquidity risk management

(i). Funding concentration based on significant counterparty \*(both deposits and borrowings)

	Number of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities
March 31, 2023	26	56,992.04	-	80.94%
March 31, 2022	26	46,487.13	-	78.10%

(ii). Top 20 large deposits - Not applicable

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

(iii). Top 10 borrowings (amount in millions and % of total borrowings)

March 31, 2023		March 31, 2022	
Amount	% of Total Borrowings	Amount	% of Total Borrowings
37,585.28	55.45%	31,495.69	54.53%

(iv). Funding concentration based on significant instrument/product\*

Name of the instrument/product	March 31, 2023		March 31, 2022	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings
Term loans from Banks	50,462.06	71.66%	42,525.11	71.44%
Subordinate Debts	1,129.91	1.60%	1,625.67	2.73%
Non Convertible Debentures	6,288.00	8.93%	7,837.76	13.17%
Term Loans from Others Parties (NBFC and FIs)	9,904.02	14.06%	5,769.55	9.69%

(v). Stock Ratios

Particulars	March 31, 2023			March 31, 2022		
	As a % of total public funds*	As a % of total liabilities*	As a % of total assets	As a % of total public funds*	As a % of total liabilities*	As a % of total assets
Commercial papers	-	-	-	-	-	-
Non Convertible Debenture (Original Maturity of less than one year)	-	-	-	-	-	-
Other short-term liabilities	63.49%	61.11%	45.96%	60.96%	59.15%	48.29%

(vi). Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility for establishing the risk management framework for the Company. The Board in turn has established an ALM Committee (ALCO) for evaluating, monitoring and reviewing liquidity and interest rate risks arising in the Company on both sides of the Balance sheet. The Board based on recommendations from the ALCO has prescribed policies and the risk limits for the management of liquidity risk.

ALCO Committee is responsible for managing the risks arising out of Asset Liability mismatches consistent with the regulatory requirements and internal risk tolerances established by the Board. Amongst other responsibilities, ALCO has been empowered to

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

decide the funding mix for the company in light of the future business strategy and prevailing market conditions. ALCO committee is conducted at least once in a quarter and the ALCO minutes are reviewed by the Board from time to time.

### \*Notes

1. A "significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC.
2. A "significant instrument/product" is defined as a single instrument/ product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC's.
3. Total Liabilities has been computed as sum of all liabilities (Balance sheet figure) less equities and reserve/surplus.
4. "Public Funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but exclude funds raised by issue of instruments compulsory convertible into equity shares with in a period not exceeding 10 years from the date of issue as defined in Regulatory Framework For Core Investment Companies issued via Notification No. DNBS (PD) CC.No206/03.10.001/2010-11 dated January 5<sup>th</sup>, 2011.
5. The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2023.

### k. Details of assignment transactions:

Particulars	No. of Complaints	
	March 31, 2023	March 31, 2022
Total no. of loans assigned	5,22,157	3,05,690.00
Aggregate book value of loan assigned	12,264.36	6,934.54
Sale consideration received for loan assigned	12,264.36	6,934.54
Aggregate gain / (loss) over net book value	-	-

### l. Disclosure related to securitization

Particulars	March 31, 2023	March 31, 2022
Total no. of loans securitized	-	-
Aggregate book value of loan securitized	-	-
Aggregate book value of loan securitized (including MRR)	-	-
Sale consideration received for loan securitized	-	-
<b>Credit enhancements provided and outstanding (Gross):</b>		
Principal subordination	-	-
Cash collateral	-	-
Outstanding value of loan securitized during the year	-	-

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
1. Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitisation transactions	-	-
2. Total amount of securitised assets as per books of the SPVs sponsored by the Company#	-	-
3. Total amount of exposures retained by the Company to comply with Minimum Retention Rate (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss (Cash collateral)	-	-
* First loss (Micro finance loans)	-	-
* Others	-	-
4. Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
* First loss	-	-
* loss	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-

### m. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2023	March 31, 2022
Provision for non-performing loan portfolio	2,099.10	3,953.15
Provision for standard portfolio	(103.97)	(268.28)
Provision for Income Tax (net)	1,248.39	26.71
Provision for cash loss	16.30	(11.43)
Provision for gratuity	27.01	23.11
Provision for leave benefits	27.54	21.38
Provision for LTA	0.36	0.36
Provision for Employee Contingency	21.50	6.00

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### n. Prudential floor for impairment loss

Assets classification under RBI norms March 31 2023	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
<b>Performing assets</b>						
Standard assets	Stage I	80,050.72	704.42	79,346.30	784.98	(80.56)
	Stage II	602.49	241.12	361.37	5.86	235.26
<b>Subtotal (A)</b>		<b>80,653.21</b>	<b>945.54</b>	<b>79,707.67</b>	<b>790.84</b>	<b>154.70</b>
<b>Non-performing assets</b>						
Sub-standard	Stage III	2,888.99	2,181.08	707.91	1,085.53	1,095.55
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
<b>Subtotal (B)</b>		<b>2,888.99</b>	<b>2,181.08</b>	<b>707.91</b>	<b>1,085.53</b>	<b>1,095.55</b>
<b>Total</b>	Stage I	80,050.72	704.42	79,346.30	784.98	(80.56)
	Stage II	602.49	241.12	361.37	5.86	235.26
	Stage III	2,888.99	2,181.08	707.91	1,085.53	1,095.55
	<b>Total</b>	<b>83,542.20</b>	<b>3,126.62</b>	<b>80,415.58</b>	<b>1,876.37</b>	<b>1,250.25</b>

Assets classification under RBI norms March 31 2022	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
<b>Performing assets</b>						
Standard assets	Stage I	57,890.26	597.12	57,293.14	590.64	6.48
	Stage II	1,310.91	452.39	858.52	27.50	424.89
<b>Subtotal (A)</b>		<b>59,201.17</b>	<b>1,049.51</b>	<b>58,151.66</b>	<b>618.14</b>	<b>431.37</b>
<b>Non-performing assets</b>						
Sub-standard	Stage III	3,584.27	2,553.99	1,030.28	585.47	1,968.52
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
<b>Subtotal (B)</b>		<b>3,584.27</b>	<b>2,553.99</b>	<b>1,030.28</b>	<b>585.47</b>	<b>1,968.52</b>
<b>Total</b>	Stage I	57,890.26	597.12	57,293.14	590.64	6.48
	Stage II	1,310.91	452.39	858.52	27.50	424.89
	Stage III	3,584.27	2,553.99	1,030.28	585.47	1,968.52
	<b>Total</b>	<b>62,785.44</b>	<b>3,603.50</b>	<b>59,181.94</b>	<b>1,203.61</b>	<b>2,399.89</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

\*The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognizing the securitised assets (net of MRR) which meets the de-recognition criteria under the previous GAAP.

\*This also includes additional 10% provision on restructured loans as per the requirement of RBI circular RBI/2021-22/31 DOR.STR. REC.11/21.04.048/2021-22 dated May 05, 2021

### o. Details of penalties imposed by RBI and other regulators

No penalty has been imposed by RBI and other regulators on the Company during the year ended March 31, 2023 and March 31, 2022.

### p. Details of unsecured advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the year ended March 31, 2023 and March 31, 2022.

### q. Details of non-performing financial assets purchased / sold

The Company has not purchased / sold any non-performing financial assets during the year ended March 31, 2023 and March 31, 2022.

### r. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the prudential exposures limits during the year ended March 31, 2023 and March 31, 2022.

### s. Draw down from reserves

There has been no draw down from reserves for the year ended March 31, 2023 and March 31, 2022.

### t. Derivatives

#### Currency and interest rate swap

Particulars	March 31, 2023	March 31, 2022
Notional Principal of swap agreements	890.42	890.42
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreement	(1.39)	77.11
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swap	-	-
Fair value of the swap book	(1.39)	77.11

u. The Company has no loans outstanding as at March 31, 2023 and March 31, 2022 that are secured against gold.

### v. Details of registration with financial and other regulators

Regulator	Registration number	Date of registration
Ministry of Corporate Affairs	L65100DL1994PLC061287	September 5, 1994
Reserve Bank of India	B-14.02857	May 19, 2010



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### w. Disclosure of Liquidity risk management as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20

The requirements of the above circular with respect to the Liquidity Coverage Ratio ("LCR") have become applicable to the Company with effect from the year ended March 31, 2021.

Particulars	For the quarter ended March 31, 2023		For the quarter ended March 31, 2022	
	Total unweighted value (average)	Total weighted Value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High Quality Liquid Assets</b>				
1 Total High Quality Liquid Assets (HQLA)	-	4,668.92	-	4,974.25
<b>Cash Outflows</b>				
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	5,347.08	6,149.15	4,329.83	4,979.30
7 Other contingent funding obligations	-	-	-	-
<b>8 Total cash outflows</b>	<b>5,347.08</b>	<b>6,149.15</b>	<b>4,329.83</b>	<b>4,979.30</b>
<b>Cash Inflows</b>				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	8,069.78	6,052.33	5,139.42	3,854.56
<b>12 Total cash inflows</b>	<b>8,069.78</b>	<b>6,052.33</b>	<b>5,139.42</b>	<b>3,854.56</b>
	<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>	
<b>13 Total HQLA</b>		<b>4,668.92</b>		<b>4,974.25</b>
<b>14 Total net cash outflows</b>		<b>1,537.29</b>		<b>1,244.83</b>
<b>15 Liquidity Coverage ratio (%)</b>		<b>303.71%</b>		<b>399.59%</b>
Following assets formed part of HQLA				
<b>Assets</b>				
Cash on hand		126.50		129.41
Balances with banks – Current Accounts		4,542.42		4,844.85
<b>Total</b>		<b>4,668.92</b>		<b>4,974.26</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars		For the quarter ended December 31, 2022		For the quarter ended December 31, 2021	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High Quality Liquid Assets</b>					
1	Total High Quality Liquid Assets (HQLA)	-	5,527.89	-	4,459.02
<b>Cash Outflows</b>					
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	5,135.64	5,905.99	3,681.20	4,233.38
7	Other contingent funding obligations	-	-	-	-
8	<b>Total cash outflows</b>	<b>5,135.64</b>	<b>5,905.99</b>	<b>3,681.20</b>	<b>4,233.38</b>
<b>Cash Inflows</b>					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	9,811.18	7,358.39	4,956.34	3,717.25
12	<b>Total cash inflows</b>	<b>9,811.18</b>	<b>7,358.39</b>	<b>4,956.34</b>	<b>3,717.25</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>	
13	<b>Total HQLA</b>		<b>5,527.89</b>		<b>4,459.02</b>
14	<b>Total net cash outflows</b>		<b>1,476.50</b>		<b>1,058.35</b>
15	<b>Liquidity Coverage ratio (%)</b>		<b>374.39%</b>		<b>421.32%</b>
Following assets formed part of HQLA					
<b>Assets</b>					
	Cash on hand		113.68		119.97
	Balances with banks – Current Accounts		5,414.22		4,339.05
	<b>Total</b>		<b>5,527.89</b>		<b>4,459.02</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	For the quarter ended September 31, 2022		For the quarter ended September 31, 2021	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High Quality Liquid Assets</b>				
1 Total High Quality Liquid Assets (HQLA)	-	3,955.83	-	3,632.50
<b>Cash Outflows</b>				
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	4,167.99	4,793.19	2,905.07	3,340.83
7 Other contingent funding obligations	-	-	-	-
<b>8 Total cash outflows</b>	<b>4,167.99</b>	<b>4,793.19</b>	<b>2,905.07</b>	<b>3,340.83</b>
<b>Cash Inflows</b>				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	6,014.26	4,510.69	3,559.74	2,669.80
<b>12 Total cash inflows</b>	<b>6,014.26</b>	<b>4,510.69</b>	<b>3,559.74</b>	<b>2,669.80</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
<b>13 Total HQLA</b>		<b>3,955.83</b>		<b>3,632.50</b>
<b>14 Total net cash outflows</b>		<b>1,198.30</b>		<b>835.21</b>
<b>15 Liquidity Coverage ratio (%)</b>		<b>330.12%</b>		<b>434.92%</b>
Following assets formed part of HQLA				
<b>Assets</b>				
Cash on hand		139.58		126.41
Balances with banks – Current Accounts		3,816.25		3,506.09
<b>Total</b>		<b>3,955.83</b>		<b>3,632.50</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

Particulars	For the quarter ended June 31, 2022		For the quarter ended June 31, 2021	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High Quality Liquid Assets</b>				
1 Total High Quality Liquid Assets (HQLA)	-	3,240.86	-	3,979.39
<b>Cash Outflows</b>				
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	4,198.76	4,828.57	2,973.63	3,419.67
7 Other contingent funding obligations	-	-	-	-
<b>8 Total cash outflows</b>	<b>4,198.76</b>	<b>4,828.57</b>	<b>2,973.63</b>	<b>3,419.67</b>
<b>Cash Inflows</b>				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	5,824.09	4,368.07	6,968.98	5,226.74
<b>12 Total cash inflows</b>	<b>5,824.09</b>	<b>4,368.07</b>	<b>6,968.98</b>	<b>5,226.74</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
<b>13 Total HQLA</b>		<b>3,240.86</b>		<b>3,979.39</b>
<b>14 Total net cash outflows</b>		<b>1,207.14</b>		<b>854.92</b>
<b>15 Liquidity Coverage ratio (%)</b>		<b>268.47%</b>		<b>465.47%</b>
Following assets formed part of HQLA				
<b>Assets</b>				
Cash on hand		141.95		110.95
Balances with banks – Current Accounts		3,098.91		3,868.44
<b>Total</b>		<b>3,240.86</b>		<b>3,979.39</b>

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

- x. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended:

S.No	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side</b>					
1.	<b>Loans and advances availed by the company inclusive of interest accrued thereon but not paid:</b>				
a	Debentures : Secured	5,201.16	-	5,870.52	-
	Debentures : Unsecured (other than falling within the meaning of public deposits*)	2,051.17	-	3,418.27	-
b	Deferred Credits				
c	Term Loans*	60,816.43	-	48,726.16	-
d	Inter corporate loans and borrowings				
e	Commercial Paper				
f	Public Deposit				
g	Other loans (lease liability)	93.89		81.82	

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
		Amount outstanding	Amount outstanding
<b>Asset Side</b>			
2.	<b>Break-up of Loans and Advances including bills receivables :</b>		
a	Secured**	1,155.23	271.61
b	Unsecured	82,386.97	62,513.83
<b>Current Investments</b>			
1	<b>Quoted</b>		
(i)	Shares	-	-
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (Please specify)	-	-



## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
		Amount outstanding	Amount outstanding
<b>2</b>	<b>Unquoted</b>		
(i)	Shares		
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (Please specify) - Commercial Paper	-	-
<b>3</b>	<b>Long Term Investments</b>	-	-
<b>1</b>	<b>Quoted</b>		
(i)	Shares	-	-
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (Please specify)		
<b>2</b>	<b>Unquoted</b>	-	-
(i)	Shares	-	-
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (Please specify) - Pass through certificate, Units of debt fund and security receipts#	-	-

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 4. Borrower group-wise classification of assets financed as in (2):& (3)

S.No	Category	As at March 31, 2023			As at March 31, 2022		
		Amount net of provision			Amount net of provision		
		Secured	Unsecured	Total	Secured	Unsecured	Total
a.	Subsidiaries	-	-	-			
b.	Companies in the same group	-	-	-			
c.	other related parties	-	-	-			
	Other then related parties	1,143.89	79,271.69	80,415.58	271.61	58,910.33	59,181.94
	<b>Total</b>	<b>1,143.89</b>	<b>79,271.69</b>	<b>80,415.58</b>	<b>271.61</b>	<b>58,910.33</b>	<b>59,181.94</b>

### 5. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

S.No	Category	As at March 31, 2023		As at March 31, 2022	
		Market Value	Book value (net of provisions) Total	Market Value	Book value (net of provisions) Total
a.	Subsidiaries	-	-	-	-
b.	Companies in the same group	-	-	-	-
c.	other related parties	-	-	-	-
	Other then related parties	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 6. Other information

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
		Amount	Amount
<b>Gross Non Performing Assets</b>			
a.	Related parties	-	-
b.	Other than related parties (refer note 6)	2,888.99	3,584.27
<b>Net Non Performing Assets</b>			
a.	Related parties	-	-
b.	Other than related parties (Note 3-9)	707.91	1,030.28

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

54. (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: -

S.No	Description	JLG Loans	MSME Loans
A	Exposure to accounts classified as standard consequent to implementation of resolution plan- Position as at the end of previous half year i.e., September 30, 2022	375.69	4.56
B	of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2023	26.12	2.97
C	of (A), amount written-off during the half year ended March 31, 2023	165.73	0.40
D	of (A), amount paid by the borrowers during the half year ended March 31, 2023. *	61.02	0.22
E	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of this half year i.e., March 31, 2023	148.94	3.94

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

55. As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on March 31, 2023, all Secured Non-convertible debenture of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on debenture. 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 non-convertible debentures at all times.
56. Details of loans transferred/acquired during the year ended March 31, 2023 and year ended March 31, 2022, 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:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Aggregate amount of loans (including retention)	13,765.85	7,852.18
Sale Consideration of loans (excluding retention)	12,264.36	6,934.54
Weighted average in maturity ( in months)	16.23	16.80
Weighted average holding period (in months)	8.41	7.57
Retention of beneficial economic interest by the originator	10.71%	11.62%
Tangible security cover	112.04%	112.42%
Rated wise distribution of rated loans	Not applicable	Not applicable

(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.

57. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## Notes to the Financial Statements

For the year ended March 31, 2023

(All amounts are in ₹ millions unless otherwise stated)

### 58. Analytical Ratios

	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% variance	Reason for Variance
a) Capital to risk-weighted assets ratio (CRAR)	Total Capital	Risk weighted assets	27.94%	21.94%	27.30%	Share Capital has been raised during the year
(b) Tier I CRAR	Tier -I capital	Risk weighted assets	26.59%	19.93%	33.39%	Share Capital has been raised during the year
(c) Tier II CRAR	Tier -II capital	Risk weighted assets	1.35%	2.01%	-33.00%	Share Capital has been raised during the year
(d) Liquidity Coverage Ratio	High Quality Liquid Assets	Total net cash outflows	303.71%	399.59%	-23.99%	-

#### Notes to above :

Total risk-weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

Tier I capital means owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

High Quality Liquid Assets (HQLA) "means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios."

Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days

### 59. With regard to the new amendments under "Division III of Schedule III" under "Part II – Statement of Profit and Loss - General Instructions for preparation of Statement of Profit and Loss" :-

- The Company do not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- The Company do not have any transactions with companies struck off.
- The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company have not traded or invested in Crypto currency or virtual currency during the financial year.
- The Company have not any such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961."

### 60. The figures for the previous year have been regrouped/rearranged wherever necessary to conform to current period presentation.

for and on behalf of the Board of Directors of  
**Fusion Micro Finance Limited**  
 CIN: L65100DL1994PLC061287

Sd/-  
**Devesh Sachdev**  
 MD and CEO  
 DIN : 02547111

Sd/-  
**Deepak Madaan**  
 Company Secretary and Compliance Officer  
 M. No. A24811

Place: Gurugram  
 Date : May 22, 2023

Sd/-  
**Ratna Dharashree Vishwanathan**  
 Director  
 DIN : 07278291

Sd/-  
**Gaurav Maheshwari**  
 Chief Financial Officer  
 M. No. 403832











Plot No. 86, Institutional sector 32  
Gurgaon, Haryana - 1222001

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[www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)



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