



CIN : L65100DL1994PLC061287

Fusion Finance Limited

(Formerly known as Fusion Micro Finance Limited)

Date: 21.09.2024

Letter No. FFL/SEC/2024-25/SE-87

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| 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 | The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 |
| Scrip Code: FUSION | Scrip Code: 543652 |

Sub: Outcome of Board Meeting

Dear Sir/Ma'am,

Pursuant to Regulation 30 read with Part A of Schedule III and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and SEBI Circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 ("SEBI Circular"), we wish to inform that the Board of Directors of the Company in its meeting held today i.e. on Saturday, September 21, 2024 has, inter-alia, discussed the business updates of the company, which is attached herewith as Annexure – A.

The aforesaid Board Meeting started at 07:00 PM(IST) and concluded at 07:50 PM(IST).

The same will also be available on the website of the Company i.e. www.fusionfin.com.

Request you to kindly take the same on your records.

For Fusion Finance Limited
(Formerly Fusion Micro Finance Limited)

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



Annexure-A

Since the release of the Q1 FY'25 results, the management of the Company has been focused on tracking the evolving credit behavior of its borrowers. Consequently, the Audit Committee of the Company was briefed by the management on an internal review of the credit quality of the loan portfolio in Q2 FY'25 and the associated provision that may be required for its current loan book. In this regard, the management briefed the Audit Committee that based on trends thus far, in management's considered view, it is likely that the Company may be required to make an estimated credit loss (ECL) provisioning between INR 500 crores to INR 550 crores in Q2FY25 as compared to INR 348 crores provision in Q1FY25. The estimated credit loss provisioning may undergo revisions upon finalization of the Q2FY25 results, including pursuant to the limited review by the statutory auditors.

Management also briefed the Audit Committee of the immediate measures that have been taken to tighten credit criteria for new disbursements and increased focus on field collections to improve the asset quality of the loan book. The measures highlighted include, (i) tighter norms for providing loans to existing and new customers; (ii) full scale collection vertical including both feet on street and tele-calling infrastructure headed by a Senior Collection resource who has been recently hired (iii) augmenting branch team to reduce bandwidth constraints and added extra layer of supervisory oversight on few critical processes in low performing branches; and (iii) aligning incentive structure to encourage focus on collections. These measures are expected to positively impact the performance of the Company.

Pursuant to the meeting of the Audit Committee, the Board was briefed of the aforementioned discussions in its meeting held on 21st September 2024.

Additionally, Mr. Devesh Sachdev, MD and CEO of the Company, briefed the Board that given the increased macro complexity and changing landscape of the sector, it is the right time to strengthen the executive leadership team of the Company. This will allow the Company to be better prepared for the next phase of its growth journey.

The Board supported the plan presented by Mr. Sachdev and suggested that he drive this transformation. The Nomination & Remuneration Committee of the Company will initiate a search process for selecting a suitable candidate for the position of the CEO. The Board expects to have the selection completed in the next few months. It is proposed that Mr. Sachdev remain in his role as MD for a period of time and then be appointed as the Chairman of the Board. This will ensure Mr. Sachdev's continued insights and guidance while providing for a smooth and orderly transition and continuity of the business.

Additionally, the Board has requested the management to prepare a plan to consider various options for raising up to Rs.550 crore of equity capital to further strengthen the balance sheet. The Board has noted that the promoter nominees are in support of this proposal. While the Company is already well capitalized with capital adequacy of ~26% as of June 30, 2024, this will allow the Company to continue to maintain one of the strongest balance sheets in the microfinance sector.

The Board, after appropriate deliberations, approved and authorized the Company to make disclosures in this regard.