



Fusion Microfinance Limited

(Formerly known as Fusion Micro Finance Private Limited)

Date: 24.02.2023

Letter No. FMFL/SEC/2022-23/SE-131

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: Machine Readable copy of Financial Results for the Quarter & Nine Months Period ended on December 31, 2022

Dear Sir/Ma'am,

In continuation to our previous letter dated 11.02.2023 and pursuant to Regulation 30, Regulation 33, Regulation 51, Regulation 52 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in pursuance to NSE Circular No. : NSE/CML/2018/02 dated January 16, 2018 and BSE Circular No. LIST/COMP/22/2017-18 dated January 16, 2018, we hereby submit the machine readable copy of Unaudited Financial Results for the Quarter & Nine Months Period ended on December 31, 2022 along with Limited Review Report thereon issued by M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company. The same is also available on the website of the Company i.e. www.fusionmicrofinance.com.

Request you to take the same on records.

Thanking you

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

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

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

TO THE BOARD OF DIRECTORS OF FUSION MICRO FINANCE LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Fusion Micro Finance Limited (the "Company") for the quarter and nine months ended December 31, 2022 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. The comparative financial information of the Company for the quarter and nine months ended December 31, 2021 and for year ended March 31, 2022 prepared in accordance with Indian Accounting Standards included in this Statement have been reviewed/ audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated February 14, 2022, and May 06, 2022 respectively expressed an unmodified conclusion.

6. This Statement includes comparative figures for the quarter and nine months ended December 31, 2021, which have been reviewed by predecessor auditor via audit report dated February 14, 2022 which expressed an unmodified conclusion on those financial results. Accordingly, we do not express any conclusion on the comparative figures reported in the financial results for the quarter and nine months ended December 31, 2021.

Our conclusion is not modified in respect of this matter.

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



A handwritten signature in blue ink that reads "Jitendra Agarwal".

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 23087104BGYKVL7544)

Place: Gurugram
Date: February 11, 2023

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
CIN: U65100DL1994PLC061287
Registered office address : H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Statement of Unaudited Financial results for the quarter and nine months ended December 31, 2022

(Rs in millions unless otherwise stated)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	4,202.45	3,997.58	2,769.30	11,493.64	7,571.32	10,643.19
Fees and commission income	61.43	46.71	4.59	118.87	7.78	13.86
Net gain on fair value changes	64.42	43.36	44.72	154.78	201.23	247.65
Net gain on derecognition of financial instruments under amortised cost category	257.95	309.19	-	643.00	227.59	607.95
Total revenue from operations	4,586.25	4,396.84	2,818.61	12,410.29	8,007.92	11,512.65
Other income	78.78	126.44	148.62	382.49	280.02	500.84
Total income	4,665.03	4,523.28	2,967.23	12,792.78	8,287.94	12,013.49
Expenses						
Finance costs	1,680.21	1,573.31	1,182.95	4,685.41	3,594.10	4,959.64
Impairment on financial instruments	499.28	611.81	957.82	1,311.73	2,346.91	3,686.93
Employee benefit expense	841.84	797.06	612.66	2,361.22	1,686.27	2,330.66
Depreciation and amortization expense	19.54	16.77	14.56	51.06	36.62	53.71
Others expenses	285.66	263.55	198.73	782.79	536.13	738.29
Total expenses	3,326.53	3,262.50	2,966.72	9,192.21	8,200.03	11,769.23
Profit before tax	1,338.50	1,260.78	0.51	3,600.57	87.91	244.26
Tax expense/(credit):						
Current tax	290.79	374.20	155.05	693.54	140.22	129.77
Deferred tax	23.09	(63.99)	(163.91)	180.82	(137.91)	(103.06)
Income tax expense	313.88	310.21	(8.86)	874.36	2.31	26.71
Profit after tax for the period/year	1,024.62	950.57	9.37	2,726.21	85.60	217.55
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement gains on defined benefit plans	(0.49)	7.38	2.20	12.56	2.74	2.96
Income tax effect	0.12	(1.85)	(0.55)	(3.16)	(0.69)	(0.74)
Total other comprehensive income	(0.37)	5.53	1.65	9.40	2.05	2.22
Total comprehensive income for the period/year	1,024.25	956.10	11.02	2,735.61	87.65	219.77
Paid up Equity Share Capital (Face value of Rs. 10/- each)	1002.94	828.13	827.60	1002.94	827.60	827.60
Other Equity						12,551.91
Earnings per share (equity share, par value of Rs. 10 each)						
Computed on the basis of total profit for period/year						
Basic earnings per share (BEPS) #	11.14	11.48	0.11	31.75	1.06	2.67
Diluted earnings per share (DEPS) #	11.10	11.36	0.11	31.64	1.04	2.64

#BEPS and DEPS for the quarter and nine months ended periods are not annualised

Place: Gurugram
Date: February 11, 2023



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

(Signature)
Devesh Sachdev
Managing Director and CEO



Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
(CIN: U65100DL1994PLC061287)
Registered office address: H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Financial results for the quarter and nine months ended December 31, 2022

1. The financial results have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors of Fusion Micro Finance Limited ("the Company") in their respective meeting held on February 11, 2023. The Company has prepared these financial results in accordance with the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations, 2015") and the accounting standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and relevant provisions of the Companies Act, 2013, as applicable. The results for the quarter and nine months ended December 31, 2022 are reviewed by the Statutory Auditors of the Company.
2. The Company operates in a single business segment i.e., lending to borrowers, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in single geographic segment i.e., domestic.
3. (i) The Company, during the quarter and nine months ended December 31, 2022, has issued 1,175,701 and 1,228,829 number of equity shares respectively, each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).

(ii) During the quarter ended December 31, 2022, the Company has completed initial public offer (IPO) of 29,999,813 shares of face value of Rs. 10 each at an issue price Rs 368 comprising fresh issue of 1,63,04,347 and offer for sale of 1,36,95,466 by selling shareholders. Pursuant to IPO, shares of Company were listed on National Stock exchange (NSE) and BSE Limited (BSE) on November 15, 2022.

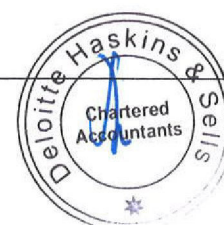
The Company had received an amount of Rs. 5,693.65 million (net off IPO expenses Rs 306.35 million) from proceeds of fresh issue of equity shares. The utilization of the net IPO proceeds is summarized below: -

(Rs in millions unless otherwise stated)

Objects of the issue as per prospectus	Amount to be utilized as per prospectus	Utilization up to December 31, 2022	Unutilized amount up to December 31, 2022*
The net proceeds from the fresh issue of shares to be used towards augmenting the capital base of the Company to meet future capital requirement due to growth and expansion in the business of the Company.	5,693.65	1,785.51	3,908.14

*Out of Unutilized amount of Rs. 3,908.14 millions, the Company has invested Rs 3,500 million out of the unutilized proceeds in deposits with scheduled commercial banks.

4. Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for nine months ended December 31, 2022 is attached as Annexure 1
5. As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on December 31, 2022, all Secured Non - Convertible debt securities {Secured Non- Convertible Debenture ("the NCD")} of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on the NCD. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of these NCD's at all times. Further disclosure under regulation 54(3) are given under Annexure 2.
6. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact on the period the Code becomes effective.
7. Details of loans transferred/acquired during the quarter ended December 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/acquired through assignment:

(Rs in millions unless otherwise stated)

Particulars	Transferred (MFI loans)	Acquired
Aggregate amount of loans transferred/acquired	3,927.14	-
Weighted average in maturity (in months)	15.97	-
Weighted average holding period (in months)	8.51	-
Retention of beneficial economic interest by the originator	11.25%	-
Tangible security cover	112.75%	-
Rated wise distribution of rated loans	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.

8. (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: -

(Rs in millions unless otherwise stated)

Type of borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan- Position as at the end of previous year i.e., March 31, 2022 (A)	of (A), aggregate debt that slipped into NPA during the nine months ended December 31, 2022.	of (A), amount written-off during the nine months ended December 31, 2022.	of (A), amount paid by the borrowers during the nine months ended December 31, 2022.	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of this nine months i.e., December 31, 2022
JLG loans	1,105.14	152.14	684.21	163.81	257.12
MSME loans	4.78	3.40	-	0.34	4.44

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


9. The results for quarter and nine months ended December 31, 2021 were reviewed and results for the year ended March 31, 2022 were audited by the preceding auditor S.R. Batliboi & Associates LLP, Chartered Accountants and they have expressed an unmodified opinion via report dated February 14, 2022 and May 06, 2022 respectively thereupon.

10. Pursuant to RBI circular dated November 12, 2021, on "Prudential norms on Income recognition, Asset classification and Provisioning (IRAC) pertaining to advances -clarifications" to be read with circular dated February 15, 2022, the Company has changed definition of non- performing asset (NPA) definition to comply with the applicable norms effective from October 1, 2022.

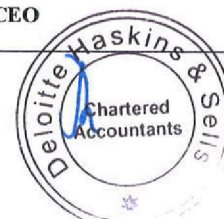
11. Previous periods/year figures have been regrouped / rearranged wherever necessary to conform with current period's classification.

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

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


Divesh Sachdev
Managing Director & CEO

Place: Gurugram
Date: February 11, 2023



Annexure 1

Disclosures as per Regulation 52(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended for nine months ended December 31, 2022

(Rs in millions unless otherwise stated)

Particulars	Nine months ended	
	December 31, 2022	
(i) Debt-equity ratio (Times) *	2.97	
(ii) Net worth **	22,051.29	
(iii) Net profit after tax	2,726.21	
(iv) Earnings per share (EPS) (Face Value of 10/- each):		
(a) Basic EPS before & after extraordinary items (net of tax expense)	31.75	
(b) Diluted EPS before & after extraordinary items (net of tax expense)	31.64	
(v) Total debts to total assets #	0.73	
(vi) Net profit margin (%) ##	21.31%	
(vii) Outstanding Redeemable Preference Shares	-	
(viii) Capital Redemption Reserve	Not applicable	
(ix) Debenture Redemption Reserve	Not applicable	
(x) Sector specific equivalent ratio include following:		
(a) Gross Stage III (%):@	3.69%	
(b) Net Stage III (%) @@	0.98%	
(c) Provision coverage :&	74.04%	
(d) Capital risk adequacy ratio (CRAR) %-Total	28.15%	

Notes:
 * Debt-equity ratio = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities)/Networth.
 ** Networth is calculated as defined in section 2(57) of Companies Act 2013.
 # Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities)/total assets
 ## Net profit margin = Net profit after tax/ total income.
 @ Gross Stage III (%) = Gross Stage III Loans EAD/Gross Total Loans EAD. Exposure at default (EAD) includes Loan Balance and interest thereon. Stage -III loans has been determined as per Ind As 109
 @@ Net Stage III = (Gross Stage III Loans EAD - Impairment loss allowance for Stage III)/(Gross Total Loans EAD - Impairment loss allowance for Stage III).
 & Provision coverage = Total Impairment loss allowance for Stage III/ Gross Stage III Loans EAD
 Note : 1- The Company, being a NBFC-MFI, disclosure of Debt service coverage ratio, Interest service coverage ratio, Current ratio, Long term debt to working capital, Bad debts to Accounts receivable ratio, Current liability ratio, Debtors turnover, Inventory turnover and Operating margin ratio are not applicable.

Place: Gurugram
 Date: February 11, 2023



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

Devesh Sachdev
 Managing Director and CEO



Independent Auditor's Certificate on Book Value of Assets of the Company Contained in Columns A to J of Statement of Security Cover and Compliance with the financial covenants as included in the Statement of Compliance Status of Financial Covenants as at December 31, 2022

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

1. This certificate is issued in accordance with the terms of our engagement letter dated November 07, 2022
2. We, Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of Fusion Micro Finance Limited ("the Company"), have been requested by the Management of the Company to certify:
 - a. Book value of assets of the Company contained in Columns A to J of the Statement of Security Cover as at December 31, 2022 (Annexure I), and;
 - b. Compliance with the financial Covenants as included in the "Statement of Compliance Status of Financial Covenants as at December 31, 2022" (Annexure II)

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

The Statements are prepared by the Company from the unaudited financial results and other relevant records and documents maintained by the Company as at and for the period ended December 31, 2022 pursuant to requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by Securities and Exchange Board of India in terms of regulation 54 read with regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 15(1)(t) of SEBI (Debenture Trustees) Regulations, 1993 (hereinafter referred together as "the SEBI Regulations"), as amended. The Statements have been prepared for the purpose of submission to Beacon Trusteeship Limited, Debenture Trustee of the above mentioned listed debt securities (hereinafter referred to as "the Debenture Trustee"). The responsibility for compiling the information contained in the Statements is of the Management of the Company. The statement are initialed by us for identification purposes only.

Management's Responsibility

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



Auditor's Responsibility

5. Pursuant to the requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by SEBI, our responsibility for the purpose of this certificate is to provide a limited assurance on whether the particulars relating to the "Book Value of Assets of the Company contained in Columns A to J of Annexure I and Financial Covenants disclosed under Annexure II" furnished by the Company in respect of listed debt securities have been accurately extracted by the management from the unaudited financial results and other relevant records and documents maintained by the Company as at and for the period ended December 31, 2022. This did not include the evaluation of adherence by the Company with terms of the Debenture Trust Deed and all the applicable SEBI Regulations.
6. The engagement involves performing procedures to obtain sufficient appropriate evidence to provide limited assurance on the Statements as mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

- a. Obtained the Statements from the management.
 - b. Tested that the information contained in the Statements has been accurately extracted from the unaudited financial results of the Company as at December 31, 2022 and other relevant records and documents maintained by the Company.
 - c. Verified the arithmetical accuracy of the information included in the statement.
 - d. Verified that the nature of the charge on the assets of the Company was in accordance with the Debenture Trust Deed.
 - e. Verified the charge made on the assets of the Company from the Register of Charges maintained by the Company as per the requirements of the Companies Act, 2013.
 - f. Made necessary inquiries with the management and obtained relevant representations in respect of matters relating to the Statement.
7. We have reviewed the financial results of the Company for the nine months ended December 31, 2022, prepared pursuant to the requirements of Regulation 33 and 52 read with regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, on which we have issued our review report dated February 11, 2023 which is unmodified. Our review of these financial results was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
 8. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
 9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.



Conclusion

10. Based on our examination, as mentioned in paragraph 8 above, the procedures performed by us as mentioned in paragraph 6 above and according to the information and explanations and representations provided to us by the management of the Company, nothing has come to our attention that causes us to believe that:
- a. the particulars relating to the Book Value of Assets of the Company contained in Columns A to J of Annexure I of the Statement, and
 - b. the Financial Covenants disclosed under Annexure II of the Statement furnished by the Company in respect of Listed Debt securities
- have not been accurately extracted by the management from the unaudited financial results and other relevant records and documents maintained by the Company for the period ended December 31, 2022.

Restriction on Use

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

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



Jitendra Agarwal

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 23087104BGYKVN5654)

Place: Gurugram.
Date: February 11, 2023

ANNEXURE- I
STATEMENT OF SECURITY COVER AS ON DECEMBER 31, 2022

(Amount in Million)														
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	PartPassu Charge	PartPassu Charge	PartPassu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRM market value is not applicable)	Market Value for Part passu charge Assets	Carrying value/book value for part passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRM market value is not applicable)	Total Value (=K+L+M+N)
											Related to only those items covered by this certificate			
											Relating to Column F			
ASSETS														
Property, Plant and Equipment									137.16					
Capital Work-in Progress									72.58					
Right of Use Assets									0.33					
Goodwill														
Intangible Assets														
Intangible Assets under Development														
Investments														
Loans	Book Debts receivable	58.73	70,511.69	-	-	-	7,913.86	-	78,484.28	-	58.73	-	-	58.73
Less: Impairment as per Ind AS ***		(0.63)	(750.70)				(2,143.04)		(2,894.37)					
Inventories														
Trade Receivable							88.44		88.44					
Cash and Cash Equivalents							11,031.82		11,031.82					
Bank Balances other than Cash and Cash Equivalents			1,152.37				3.81		1,156.18					
Others							2,039.68		2,039.68					
Total							19,144.64		90,116.10					
LIABILITIES														
Debt securities to which this certificate pertains **		49.96	5,072.86						5,122.82		49.96			49.96
Goodwill														
Other Debt														
Subordinated debt							1,628.82		1,628.82					
Borrowings									57,412.22					
Bank		Not Applicable												
Debt Securities							1,232.19		1,232.19					
Others														
Trade payables							1,017.98		1,017.98					
Lease Liabilities							87.37		87.37					
Provisions							102.01		102.01					
Others							1,461.40		1,461.40					
Total							5,529.77		68,064.81		49.96			49.96
Cover on Book Value *														1.18
Cover on Market Value														N/A

Notes:

* Asset cover is being calculated only on Debts for which the Certificate is being issued.

** Borrowing values listed are as reported in financial results under Ind AS



For Identification Only

Deloitte Haskins & Sells

Trustee Name: Beacon Trusteeship Limited

Statement of Compliance status with Financial Covenants as on December 31, 2022

Annexure II

ISIN	Facility	Amount Outstanding as at December 31, 2022 (Rs. In Millions)	Date of Trust deed	Financial Covenant as per Clause 9.4 of Debenture trust deed (DTD)	As required by DTD	Compliance as on December 31, 2022 (Y/N)
INE139R07266	AU Small Finance Bank Limited	49.96	19-Jun-20	Gross NPA*	Should not exceed 2%	No
				Net NPA*	Should not exceed 0.5%	No
				Debt Equity Ratio	Should not be more than 5 times	Yes
				CRAR	CRAR to be maintained as per RBI Guidelines is 15%	Yes

*Note: The Company has obtained waiver for the non-compliance of the financial covenant from the Debenture holder via letter dated February 08, 2023

Calculation for Financial Covenants

S.No.	Particulars	As at December 31, 2022	Remarks
1	Gross NPA	3.69%	Refer Table A
2	Net NPA	0.98%	Refer Table A
3	Debt Equity Ratio	2.97	Refer Table B
4	CRAR	28.15%	Refer Table C

Trustee Name: Beacon Trusteeship Limited
Annexure II

Statement of Compliance status with Financial Covenants as on December 31, 2022

A. Gross Stage III% and Net Stage III % as on December 31, 2022

(Rs. in Millions)

Particulars	G/N III %
Gross Stage III Loans	2,894.37
Total Loans Portfolio	78,484.28
Gross Stage III %	3.69%
ECL Stage III	2,143.04
Net Stage III %	0.98%

B. Debt Equity ratio as on December 31, 2022

(Rs. in Millions)

Particulars	D/E Ratio
Debt Securities	6,355.01
Borrowings	57,412.22
Subordinated Liabilities	1,628.82
Total Debt (A)	65,396.05
Equity Share Capital	1,002.94
Other Equity	21,048.35
Total Equity (B)	22,051.29
Debt Equity Ratio (A/B)	2.97

C. Capital Risk Adequacy Ratio

(Rs. in Millions)

Particulars	CRAR
Share Capital	1,002.94
Free Reserve	21,048.35
Total	22,051.29
Less:	
Intangible assets & Leasehold	113.39
Deferred Revenue Expenditure	61.80
Deferred tax assets	731.78
	906.97
Tier I Capital	21,144.33
Tier I Ratio	27.01%
Provision on Standard Assets	466.12
Subordinated Debt	423.70
Tier II Capital	889.82
Total RWA	78,278.42
Tier II Ratio	1.14%
CRAR	28.15%

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Independent Auditor's Certificate on Book Value of Assets of the Company Contained in Columns A to J of Statement of Security Cover and Compliance with the financial covenants as included in the Statement of Compliance Status of Financial Covenants as at December 31, 2022

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

1. This certificate is issued in accordance with the terms of our engagement letter dated November 07, 2022
2. We, Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of Fusion Micro Finance Limited ("the Company"), have been requested by the Management of the Company to certify:
 - a. Book value of assets of the Company contained in Columns A to J of the Statement of Security Cover as at December 31, 2022 (Annexure I), and;
 - b. Compliance with the financial Covenants as included in the "Statement of Compliance Status of Financial Covenants as at December 31, 2022" (Annexure II)

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

The Statements are prepared by the Company from the unaudited financial results and other relevant records and documents maintained by the Company as at and for the period ended December 31, 2022 pursuant to requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by Securities and Exchange Board of India in terms of regulation 54 read with regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 15(1)(t) of SEBI (Debenture Trustees) Regulations, 1993 (hereinafter referred together as "the SEBI Regulations"), as amended. The Statements have been prepared for the purpose of submission to Catalyst Trusteeship Limited, Debenture Trustee of the above mentioned listed debt securities (hereinafter referred to as "the Debenture Trustee"). The responsibility for compiling the information contained in the Statements is of the Management of the Company. The statement are initialed by us for identification purposes only.

Management's Responsibility

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



Auditor's Responsibility

5. Pursuant to the requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by SEBI, our responsibility for the purpose of this certificate is to provide a limited assurance on whether the particulars relating to the "Book Value of Assets of the Company contained in Columns A to J of Annexure I and Financial Covenants disclosed under Annexure II" furnished by the Company in respect of listed debt securities have been accurately extracted by the management from the unaudited financial results and other relevant records and documents maintained by the Company as at and for the period ended December 31, 2022. This did not include the evaluation of adherence by the Company with terms of the Debenture Trust Deed and all the applicable SEBI Regulations.
6. The engagement involves performing procedures to obtain sufficient appropriate evidence to provide limited assurance on the Statements as mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly, we have performed the following procedures in relation to the statement:
 - a. Obtained the Statements from the management.
 - b. Tested that the information contained in the Statements has been accurately extracted from the unaudited financial results of the Company as at December 31, 2022 and other relevant records and documents maintained by the Company.
 - c. Verified the arithmetical accuracy of the information included in the statement.
 - d. Verified that the nature of the charge on the assets of the Company was in accordance with the Debenture Trust Deed.
 - e. Verified the charge made on the assets of the Company from the Register of Charges maintained by the Company as per the requirements of the Companies Act, 2013.
 - f. Made necessary inquiries with the management and obtained relevant representations in respect of matters relating to the Statement.
7. We have reviewed the financial results of the Company for the nine months ended December 31, 2022, prepared pursuant to the requirements of Regulation 33 and 52 read with regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, on which we have issued our review report dated February 11, 2023 which is unmodified. Our review of these financial results was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
8. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.



Conclusion

10. Based on our examination, as mentioned in paragraph 8 above, the procedures performed by us as mentioned in paragraph 6 above and according to the information and explanations and representations provided to us by the management of the Company, nothing has come to our attention that causes us to believe that:
- a. the particulars relating to the Book Value of Assets of the Company contained in Columns A to J of Annexure I of the Statement, and
 - b. the Financial Covenants disclosed under Annexure II of the Statement furnished by the Company in respect of Listed Debt securities
- have not been accurately extracted by the management from the unaudited financial results and other relevant records and documents maintained by the Company for the period ended December 31, 2022.

Restriction on Use

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

Place: Gurugram
Date: February 11, 2023



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

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 23087104BGYKVM9518)

ANNEXURE-I
STATEMENT OF SECURITY COVERS ON DECEMBER 31, 2022

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	PariPassu Charge	PariPassu Charge	PariPassu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRM market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRM market value is not applicable)	Total Value (=K+L+M+N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value	Book Value							
ASSETS														
Property, Plant and Equipment							137.16		137.16					
Capital Work-in Progress							72.58		72.58					
Right of Use Assets														
Goodwill							0.33		0.33					
Intangible Assets														
Intangible Assets under Development														
Investments														
Loans	Book Debts receivable	2,668.14	67,902.28	-	-	-	7,913.86	-	78,484.28	-	2,668.14	-	2,668.14	2,668.14
Less: Impairment as per Ind AS ***		(28.41)	(722.92)				(2,143.04)		(2,894.37)					
Investments														
Trade Receivable							88.44		88.44					
Cash and Cash Equivalents							11,031.82		11,031.82					
Bank Balances other than Cash and Cash Equivalents							3.81		3.81		172.88		172.88	172.88
Others							2,039.68		2,039.68					
Total							19,144.63		90,116.10					
LIABILITIES														
Debt securities to which this certificate pertains **														
Goodwill														
Other Debt														
Subordinated debt														
Borrowings							1,628.82		1,628.82					
Bank														
Debt Securities														
Others							1,232.19		1,232.19					
Trade payables														
Lease Liabilities							1,017.98		1,017.98					
Provisions							87.37		87.37					
Others							102.01		102.01					
Total							1,461.40		1,461.40					
Cover on Book Value *							5,529.77		68,064.81		2,448.14		2,448.14	2,448.14
Cover on Market Value														NA

Notes:
* Asset cover is being calculated only on Debts for which the Certificate is being issued.
** Borrowing values listed are as reported in financial results under Ind AS

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Trustee Name: Catalyst Trusteeship Limited

Statement of Compliance status with Financial Covenants as on December 31, 2022

Annexure II

S.No.	ISIN	Facility	Amount Outstanding as at December 31, 2022 (Rs. In Million)	Date of Trust deed	Financial Covenants as per Debenture Trust Deed (DTD)	Compliance as on December 31, 2022 (Y/N)
1	INE139R07290	Indian Bank	199.29	24-Aug-20	Clause 9.4 of DTD (Refer S.No 1 to 8 of Annexure II-A)	Yes
2	INE139R07258	DCB Bank	99.89	09-Jun-20	Clause XI of DTD (Refer S.No 4 of Annexure II-A)	Yes
3	INE139R07282	State bank of India - NCD 1	249.85	30-Jul-20	NA	NA
4	INE139R07381	UTI Microfinance Enhancement Facility SA, SICAV-SIF	699.75	08-Mar-21	Clause 2.5.3 of DTD (Refer S.No 4, 9 to 12 of Annexure II-A)	Yes
5	INE139R07274	Union Bank	199.75	29-Jun-20	Clause 3.3 of DTD (Refer S.No 4,13 to 16 & 20 of Annexure II-A)	Yes
6	INE139R07373	Japan Asean Women Empowerment Fund	499.84	22-Dec-20	Refer Clause 2.6(Part B) of the DTD (Refer S.No 4, 9, 18 & 19 of Annexure II-A)	Yes
7	INE139R07407	Blueorchard Microfinance Fund	499.77	17-Mar-21	Refer Clause 2.6(Part B) of the DTD (Refer S.No 4, 17,18 & 19 of Annexure II-A)	Yes

Summary of Financial Covenants

S.No.	Particulars	As at December 31, 2022	As required by DTD	Remarks
1	Debt Equity Ratio	2.97	Below 6 times	
2	Gross NPA	3.69%	Not more than 4.50%	Refer Table A
3	Net NPA	0.98%	Not more than 2.50%	Refer Table B
4	CRAR	28.15%	Greater than 15% as prescribed by RBI	Refer Table B
5	Operating Cost Ratio	5.52%	Not greater than 15%	Refer Table C
6	Cumulative Asset-Liability Mismatch	12,321.90	Mismatch should not exceed 15% of the Cash outflow in the period under consideration Minimum of Rs. 50 million for NBFC MFI as per RBI	Refer Table D
7	Maintainence of minimum net owned fund	21,144.33	Master Circular	Refer Table E
8	Total outside Liability to Total Tangible net worth	3.18	Less than 10 times	Refer Table F
9	Portfolio at Risk (PAR)>30 Days Ratio	4.61%	Below 5%	Refer Table G
10	Adjusted Return on Assets (ROA)	10.19%	Above 0.5%	Refer Table H
11	Open loan position 30 days	3.28%	Less than 20%	Refer Table I
12	Maturity Mismatch of three months	55.35%	Below 100%	Refer Table J
13	Total liabilities to Net Worth Ratio	3.09	Less than 6 times	Refer Table K
14	PAR 90/AUM Ratio	3.69%	Not more than 5%	Refer Table L
15	Net NPA/Equity Ratio	3.41%	Less than 10%	Refer Table M
16	Minimum Equity	21,319.51	Not less than Rs. 10,000 million	Refer Table N
17	Portfolio at Risk (PAR)>30 Days Ratio	8.53%	Below 12%	Refer Table O
18	Return on Assets (ROA)	4.46%	Greater than 0%	Refer Table P
19	Loan Loss reserves of not less than 100%	100.00%	Not less than 100%	Refer Table Q
20	Tier 1 Capital	27.01%	Minimum of 13%	Refer Table R



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Trustee Name: Catalyst Trusteeship Limited

Calculation of Financial Covenants


Annexure II-B

A. Debt Equity ratio as on December 31, 2022	
Particulars	(Rs. in million) D/E Ratio
Debt Securities	6,355.01
Borrowings	57,412.22
Subordinated Liabilities	1,628.82
Total Debt (A)	65,396.05
Equity Share Capital	1,002.94
Other Equity	21,048.35
Total Equity (B)	22,051.29
Debt Equity Ratio (A/B)	2.97

B. Gross Stage III% and Net Stage III % as on December 31, 2022	
Particulars	(Rs. in million) G/N III %
Gross Stage III Loans (A)	2,894.37
Total Loans Portfolio (B)	78,484.28
Gross Stage III % (A/B)	3.69%
ECL Stage III	2,143.04
Net Stage III %	0.98%

C. Capital Risk Adequacy Ratio	
Particulars	(Rs. in million) CRAR
Share Capital	1,002.94
Free Reserve	21,048.35
Total	22,051.29
Less:	
Intangible assets & Leasehold	113.39
Defferref Revenue Expenditure	61.80
Deferred tax assets	731.78
	906.97
Tier I Capital	21,144.33
Tier I Ratio	27.01%
Provision on Standard Assets	466.12
Subordinated Debt	423.70
Tier II Capital	889.82
Total RWA	78,278.42
Tier II Ratio	1.14%
CRAR	28.15%

D. Operating Cost Ratio	
Particulars	(Rs. in Million) Operating Cost Ratio
Total Expense	9,192.21
Less: Finance	4,685.41
Less Impairment	1,311.73
Operating expense	3,195.07
Average AUM	77,197.64
Op Aum Mar 22 (Inclusive of loan portfolio transferred through assignment amounting to Rs. 6,607.4 million)	67,859.71
CI Aum Dec 22 (Inclusive of loan portfolio transferred through assignment amounting to Rs. 9,609.35 million)	86,535.56
Ratio	5.52%

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E.Cumulative Asset-Liability Mismatch 12,321.90

F.Maintainence of minimum net owned fund of Rs. 5 cr 21,144.33

G. Total outside Liability to Total Tangible net worth

(Rs. in million)	
Particulars	Liability to Net worth
Total Liability	68,064.81
Less: Liability to Indian Bank for NCD	203.00
Net	67,861.81
Net Worth	22,051.29
Less: Intangible Assets	0.33
Less: DTA	731.78
Tangible Net Worth	21,319.18
Ratio	3.18

H. Portfolio at Risk (PAR)>30 Days Ratio

(Rs. in million)	
Particulars	PAR>30 Ratio
Portfolio at risk (PAR) > 30 days (A)	3,617.13
Gross Loan Portfolio (GLP) (B)	78,484.28
Ratio (A/B)	4.61%

I. Adjusted Return on Assets (ROA)

(Rs. in million)	
Particulars	Adjusted ROA %
Net Profit	2,726.21
Add :Interest Expense (1-tax rate)	3,506.09
Adjusted Net profit (A)	6,232.30
Average Total Assets (B)	81,510.46
Total Assets as on Dec 22	90,116.10
Total Assets as on March 22	72,904.82
Ratio (A/B)	10.19%

J. Open loan position 30 days

(Rs. in million)	
Particulars	Adjusted ROA %
GLP of Stage II & Stage III Loans	3617.13
Add: Restructured loans greater than 30 days	-
Less Loan loss reserves	2,894.37
Open loan position	722.76
Total of Tier I and Tier II capital (CRAR)	22,034.15
Ratio	3.28%

K. Maturity Mismatch of three months

(Rs. in million)	
Particulars	ALM 3M/Total Equity
Cumulative Mismatch for 3 Months (A)	12,321.90
Total Equity	22,051.29
Add: 50% of Qualifying Subordinate Debt (C)	211.85
Total Equity (including C above) (B)	22,263.14
Ratio (A/B)	55.35%

Jh

G. Anand



L. Total liabilities should not exceed 6 times the Net worth of the Company

(Rs. in million)	
Particulars	Ratio
Equity Share Capital	1,002.94
Other Equity	21,048.35
Net Worth (A)	22,051.29
Total liabilities (B)	68,064.81
Ratio (In times) (B/A)	3.09

M. PAR 90/AUM<5%

(Rs. in million)	
Particulars	Ratio
Stage 3 Loans (A)	2,894.37
Asset Under Management (B)	78,484.28
Percentage (A/B)	3.69%

N. Net NPA/Equity<10%

(Rs. in million)	
Particulars	Ratio
Stage 3 Loans (A)	2,894.37
ECL- Stage 3 (B)	2,143.04
Net NPA (A-B)	751.33
Equity (C)	22,051.29
Net NPA/Equity (A-B)/C	3.41%

O. Ensure that the minimum equity shall not be less than INR 10,000 million

(Rs. in million)	
Particulars	Amount
Equity Share Capital	1,002.94
Other Equity	21,048.35
Less: Deferred Tax Assets	731.78
Equity	21,319.51

P. Portfolio at Risk (PAR)>30 Days Ratio

(Rs. in million)	
Particulars	PAR>30 Ratio
Stage II + Stage III Book Debts	3,617.13
Book Debts Written off	3,077.00
Non- COVID Restructured Loan	-
Portfolio at risk (PAR) > 30 days (A)	6,694.13
Gross Loan Portfolio (GLP) (B)	78,484.28
Ratio (A/B)	8.53%

Q. Return on Assets (ROA)

(Rs. in million)	
Particulars	PAR>30 Ratio
Profit after tax (PAT) (A)	2,726.21
Total Assets- December 31 2022	90,116.10
Total Assets-March 2022	72,904.82
Average Assets	81,510.46
ROA (A/B)	4.46%

R. Loan Loss reserves of not less than 100%

(Rs. in million)	
Particulars	Amount
ECL Provision (A)	2,894.37
Stage III loans	2,894.37
Non- COVID Restructured Loan	-
Portfolio at Risk (PAR) >90 Days (B)	2,894.37
Ratio	100.00%

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