



# Fusion Microfinance Limited

(Formerly known as Fusion Micro Finance Private Limited)

CIN : L65100DL1994PLC061287

Date: 22.05.2023

Letter No. FMFL/SEC/2023-24/SE-22

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
--	---

**Sub: Outcome of Board Meeting, pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Ma'am,

This is to inform you that Board of Directors of the Company in their meeting held today i.e. May 22, 2023, inter alia, have considered and approved the following:

1. Pursuant to Regulations 30, 33, 51, 52 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has approved the Financial Results of the company for the Quarter & Year ended on March 31, 2023 along with the Audit Report thereon issued by M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company, along with a declaration of unmodified opinion thereon. The same is also available on the website of the Company i.e. [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com).
2. The amendment of the Articles of Association (AOA) of the Company, subject to approval of the shareholders.
3. The re-appointment of Mr. Devesh Sachdev, Managing Director and CEO of the company and finalized his remuneration, subject to approval of the shareholders.
4. The change in the terms of appointment of Nominee Directors of the company, making them liable to retire by rotation, subject to approval of the shareholders.

The aforesaid Board Meeting started at 02:30 PM and concluded at 06:55 PM.

Kindly take the same on your record.

**For Fusion Micro Finance Limited**

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

**Fusion Micro Finance Limited – Financial Results for Q4 FY23 and year ending March 31, 2023**  
**Profit After Tax (PAT) grew 1679.57% YoY to INR 3,871.45 million**  
**Asset under Management (AUM) grew 36.99% YoY to INR 92,962.19 million**  
**Pre-provision Operating Profit (PPOP) grew 81.21% YoY to INR 7,123.53 million**  
**ROA of 4.65% and ROE of 21.16%**

**Delhi, 22<sup>nd</sup> May 2023:** Fusion Micro Finance Limited [BSE (BOM: 543652) and NSE (NSE: FUSION)], today announced its audited financial performance for the fourth quarter and financial year ending 31<sup>st</sup> March 2023. The company demonstrated strong results year on year and closed with highest profit since inception.

**Highlights: FY 2023**

- Disbursements grew 39.10% YoY from INR 61,797.77 million to INR 85,961.13 million
- Borrower base increased to 3.53 million across 1086 branches
- Addition of ~ 0.8 Million new clients during the year
- Cost of Funds reduced by 13 bps
- Net NPA dropped to 0.87% from 1.64%

**Highlights: Q4 FY23**

- Total income increased 39.76% YoY from INR 3,725.55 million to INR 5,206.92 million
- Net interest income (NII) increased 62.37% YoY from INR 1,685.95 million to INR 2,737.55 million
- Pre-provision operating profit (PPOP) increased 47.77% YoY from INR 1,496.37 million to INR 2,211.23 million
- Impairment of financial instruments declined 48.36% YoY from INR 1,340.02 million to INR 691.96 million
- Total Expected Credit Loss (ECL) is INR 3,126.62 million (3.74%) (includes management overlay of INR 512.50 million) against GNPA of INR 2,888.99 million (3.46%) and NNPA further reduced from 0.98% to 0.87% QoQ
  - Write-offs were INR 457.80 million
- Profit After Tax (PAT) increased by 767.93% YoY from INR 131.95 million to INR 1,145.24 million
- Healthy capital position with CRAR of 27.94%
- Credit Rating remains at “A” Stable by CRISIL, CARE and ICRA

**Key Developments: Q4 FY23**

- Fusion Micro Finance won “*Best Data Analytics Initiative of the Year*” at the 2nd Annual NBFC & Fintech Excellence Awards 2023, hosted by Quantic and presented by Expleo. Fusion won this accolade owing to innovative technological advancements which led to enhanced customer experience, increase in revenue, profitability, and efficient risk management.

**Financial Snapshot: Q4 FY 2022-23**

(INR in millions unless otherwise stated)

Particulars	FY23	FY22	YoY%	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	QoQ%
Interest Income	16,001.03	10,643.19	50.34%	4,507.39	3,071.87	46.73%	4,202.45	7.26%
Total Income	17,999.70	12,013.49	49.83%	5,206.92	3,725.55	39.76%	4,665.03	11.62%
Finance Cost	6,427.77	4,959.64	29.60%	1,742.36	1,365.54	27.59%	1,680.21	3.70%
Profit Before Tax	5,119.84	244.26	1996.06%	1,519.27	156.35	871.71%	1,338.50	13.51%
Profit After Tax	3,871.45	217.55	1679.57%	1,145.24	131.95	767.93%	1,024.62	11.77%
EPS (Basic) (INR)	43.29	2.67		12.81	1.59		11.14	
EPS (Diluted) (INR)	43.13	2.64		12.76	1.58		11.10	

**Key Metrics: Q4 FY 2022-23**

(INR in millions unless otherwise stated)

Particulars	FY23	FY22	YoY%	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	QoQ%
AUM	92,962.19	67,859.71	36.99%	92,962.19	67,859.71	36.99%	86,535.56	7.43%
Borrowers	3.53	2.72	29.78%	3.53	2.72	29.78%	3.40	3.82%
Branches	1086	934	16.27%	1086	934	16.27%	1057	2.74%
Particulars	FY23	FY22	YoY%	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	QoQ%
Net Interest Income (NII)	9,472.11	5,606.67	68.94%	2,737.55	1,685.95	62.37%	2,477.19	10.51%
Pre-Provision Operating Profit (PPOP)	7,123.53	3,931.19	81.21%	2,211.23	1,496.37	47.77%	1,837.78	20.32%
Profit After Tax (PAT)	3,871.45	217.55	1679.57%	1,145.24	131.95	767.93%	1,024.62	11.77%
Key Ratios	FY23	FY22	YoY%	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	QoQ%
Net Interest Margin (NIM)	10.15%	8.39%	20.98%	10.57%	7.78%	35.86%	10.31%	2.52%
Cost/Income Ratio	38.44%	44.27%	-13.17%	36.18%	36.59%	-1.12%	38.43%	-5.85%
Opex/Average AUM	5.53%	5.47%	1.10%	5.59%	5.41%	3.33%	5.49%	1.82%
Gross NPA	3.46%	5.71%	-39.40%	3.46%	5.71%	-39.40%	3.69%	-6.23%
Expected Credit Loss (ECL)	3,126.62	3,603.50	-13.23%	3,126.62	3,603.50	-13.23%	2894.37	8.02%
Return on Assets (ROA) (Annualised)	4.65%	0.33%	1309.09%	4.99%	0.75%	565.33%	4.74%	5.27%
Return on equity (ROE) (Annualised)	21.16%	1.68%	1159.52%	20.24%	3.97%	409.82%	22.04%	-8.17%

Commenting on the performance, **Devesh Sachdev, Managing Director and CEO, Fusion Micro Finance Ltd.** said, “FY23 has been a milestone year for the Company as we successfully got listed and have demonstrated strong performance consistently across all operational and financial metrics. Our AUM has grown by 36.99% YoY to INR 92,962.19 million. We reached a base of 3.53 million borrowers and clocked the highest PAT since inception resulting in ROA of 4.65% and ROE of 21.16 %.”

“We have achieved these results due to our focused strategy of geographical diversification, building an extensive network, investing in human capital, technology, sound risk management and building for the future. We are well-positioned to achieve robust and sustainable long-term growth.” he added.

**About Fusion Micro Finance Limited:**

Fusion Micro Finance [BSE (BOM: 543652) and NSE (NSE: FUSION)] founded in 2010, is amongst India’s leading NBFC-MFIs, touching the lives of 3.53 million rural clients in the country. Fusion Micro Finance was established with the core idea to create opportunities at the bottom of the pyramid by providing financial services to the underserved and unserved women entrepreneurs in rural areas. It is one of the youngest companies to be among the top NBFC MFIs in the country, growing consistently with an extensive network of 1,086 branches spread across 20 states including 3 Union Territories, as of 31<sup>st</sup> March 2023. Fusion believes in robust business practices and transparent policies as expressed in its customer-centric efforts toward clients and is committed to creating sustained and balanced stakeholder value.

For further information, please visit [www.fusionmicrofinance.com](http://www.fusionmicrofinance.com) OR contact:

Deepak Madaan – [investor.relations@fusionmicrofinance.com](mailto:investor.relations@fusionmicrofinance.com) / 9289224563  
 Company Secretary & Compliance Officer  
 Fusion Micro Finance Limited

Sherry Addvant – [sherry.addvant@archetype.co](mailto:sherry.addvant@archetype.co) / 9810355432  
 Public Relations  
 Archetype India

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL FINANCIAL RESULTS  
AND REVIEW OF QUARTERLY FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF**

**FUSION MICRO FINANCE LIMITED**

**Opinion and Conclusion**

We have (a) audited the Financial Results for the year ended March 31, 2023 and (b) reviewed the Financial Results for the quarter ended March 31, 2023 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Financial Results for the Quarter and Year Ended March 31, 2023 of **Fusion Micro Finance Limited** ("the Company"), being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

**(a) Opinion on Annual Financial Results**

In our opinion and to the best of our information and according to the explanations given to us, the Financial Results for the year ended March 31, 2023:

- i. is presented in accordance with the requirements of Regulation 33, Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year then ended.

**(b) Conclusion on Unaudited Financial Results for the quarter ended March 31, 2023**

With respect to the Financial Results for the quarter ended March 31, 2023, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Financial Results for the quarter ended March 31, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms Regulation 33, Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Basis for Opinion on the Audited Financial Results for the year ended March 31, 2023**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in paragraph (a) of Auditor's Responsibilities section



below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Results for the year ended March 31, 2023 under the provisions of the Act and the Rules 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.

### **Management's Responsibilities for the Statement**

This Statement which includes the Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Financial Results for the year ended March 31, 2023 has been compiled from the related audited financial statements. This responsibility includes the preparation and presentation of the Financial Results for the quarter and year ended March 31, 2023 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with (Regulation 33, Regulation 52 and Regulation 54 of the Listing Regulations. 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 the 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 Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Results, the Board of Directors are 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 Board of Directors are also responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities**

#### **(a) Audit of the Financial Results for the year ended March 31, 2023**

Our objectives are to obtain reasonable assurance about whether the Financial Results for the year ended March 31, 2023 as a whole is 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 this Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



## **Deloitte Haskins & Sells**

- Identify and assess the risks of material misstatement of the Annual Financial Results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under (Regulation 33, Regulation 52 and Regulation 54 of the Listing Regulations).
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Company 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 Statement 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 Annual Financial Results, including the disclosures, and whether the Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Financial Results of the Company to express an opinion on the Annual Financial Results.

Materiality is the magnitude of misstatements in the Annual Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Financial Results 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 Annual Financial Results.

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.



**(b) Review of the Financial Results for the quarter ended March 31, 2023**

We conducted our review of the Financial Results for the quarter ended March 31, 2023 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 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 SAs specified under section 143(10) of the Act 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.

**Other Matters**

- The Statement includes the results for the Quarter ended March 31, 2023 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
- The Ind AS financial results of the Company for the quarter and year ended March 31, 2022, were audited by the S.R. Batliboi & Associates LLP, Chartered Accountants, the predecessor auditor who have expressed an unqualified opinion.

Our report on the Statement is not modified in respect of these matters.

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



**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 23087104BGYKXS7111)

Place: Gurugram  
Date: May 22, 2023



Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)

CIN: L65100DL1994PLC061287

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

Statement of Financial results for the quarter and year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Unaudited*	Unaudited	Unaudited*	Audited	Audited
Interest income	4,507.39	4,202.45	3,071.87	16,001.03	10,643.19
Fees and commission income	76.94	61.43	6.08	195.81	13.86
Net gain on fair value changes	99.03	64.42	46.42	253.81	247.65
Net gain on derecognition of financial instruments under amortised cost category	325.58	257.95	380.36	968.58	607.95
<b>Total revenue from operations</b>	<b>5,008.94</b>	<b>4,586.25</b>	<b>3,504.73</b>	<b>17,419.23</b>	<b>11,512.65</b>
Other income	197.98	78.78	220.82	580.47	500.84
<b>Total income</b>	<b>5,206.92</b>	<b>4,665.03</b>	<b>3,725.55</b>	<b>17,999.70</b>	<b>12,013.49</b>
<b>Expenses</b>					
Finance costs	1,742.36	1,680.21	1,365.54	6,427.77	4,959.64
Impairment on financial instruments	691.96	499.28	1,340.02	2,003.69	3,686.93
Employee benefit expense	894.02	841.84	644.39	3,255.24	2,330.66
Depreciation and amortization expense	22.99	19.54	17.09	74.05	53.71
Other expenses	336.32	285.66	202.16	1,119.11	738.29
<b>Total expenses</b>	<b>3,687.65</b>	<b>3,326.53</b>	<b>3,569.20</b>	<b>12,879.86</b>	<b>11,769.23</b>
<b>Profit before tax</b>	<b>1,519.27</b>	<b>1,338.50</b>	<b>156.35</b>	<b>5,119.84</b>	<b>244.26</b>
<b>Tax expense/(credit):</b>					
Current tax	412.52	290.79	(10.45)	1,106.06	129.77
Deferred tax	(38.49)	23.09	34.85	142.33	(103.06)
<b>Income tax expense</b>	<b>374.03</b>	<b>313.88</b>	<b>24.40</b>	<b>1,248.39</b>	<b>26.71</b>
<b>Profit after tax for the period/year</b>	<b>1,145.24</b>	<b>1,024.62</b>	<b>131.95</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	(8.37)	(0.49)	0.22	4.19	2.96
Income tax effect	2.10	0.12	(0.05)	(1.06)	(0.74)
<b>Total other comprehensive income</b>	<b>(6.27)</b>	<b>(0.37)</b>	<b>0.17</b>	<b>3.13</b>	<b>2.22</b>
<b>Total comprehensive income for the period/year</b>	<b>1,138.97</b>	<b>1,024.25</b>	<b>132.12</b>	<b>3,874.58</b>	<b>219.77</b>
Paid up Equity Share Capital (Face value of ₹ 10/- each)	1,003.46	1,002.94	827.60	1,003.46	827.60
Other Equity				22,215.73	12,551.91
<b>Earnings per share (equity share, par value of ₹ 10 each)</b>					
Computed on the basis of total profit for the period/year					
<b>Basic earnings per share (BEPS) #</b>	<b>12.81</b>	<b>11.14</b>	<b>1.59</b>	<b>43.29</b>	<b>2.67</b>
<b>Diluted earnings per share (DEPS) #</b>	<b>12.76</b>	<b>11.10</b>	<b>1.58</b>	<b>43.13</b>	<b>2.64</b>

\* Refer Note 13

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

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

Devesh Sachdev  
Managing Director and CEO

Place: Gurugram  
Date: May 22, 2023





## NOTES

## Note 1 : Statement of Audited Assets and Liabilities for the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	9,503.61	10,113.72
Bank balance other than cash and cash equivalents	1,146.66	1,422.26
Trade receivables	143.81	42.53
Loans	80,415.58	59,181.94
Other financial assets	969.20	565.05
Derivative financial instrument	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)	383.57	353.61
Deferred tax assets (net)	777.46	867.56
Property, plant and equipment	132.80	122.04
Capital work-in-progress	2.51	-
Right of use asset	76.58	69.17
Intangible assets	0.23	0.71
Other non-financial assets	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 AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial liabilities</b>		
Derivative financial instrument	-	77.11
Trade payables		
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	6,288.00	7,837.76
Borrowings (other than debt securities)	60,366.08	48,294.66
Subordinated liabilities	1,129.91	1,625.67
Other financial liabilities	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)	7.12	1.04
Provisions	110.30	71.68
Other non-financial liabilities	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	1,003.46	827.60
Other equity	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>



Note 2 : Statement of Audited Cash flows for the year ended March 31, 2023

Particulars	(₹ in millions unless otherwise stated)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
	Audited	Audited
<b>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>
<i>Movement in working capital:</i>		
(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)	-
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>
<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>

\* 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).





**Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)**  
**(CIN: L65100DL1994PLC061287)**  
**Registered office address: H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028**  
**Financial results for the quarter and year ended March 31, 2023**

3. The financial results have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors of Fusion Micro Finance Limited ("the Company") in their meeting held on May 22, 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 audit of financial results for the year ended March 31, 2023 and limited review of financial results for the quarter ended March 31, 2023 have been conducted by the Statutory Auditors of the Company.
4. The Company operates in a single business segment i.e., lending to borrowers, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in single geographic segment i.e., domestic.
5. (i) The Company, during the quarter and year ended March 31, 2023, has issued 51,890 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 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. 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 IPO expenses ₹ 306.35 million) from proceeds of fresh issue of equity shares. The utilization of the net IPO proceeds is summarized below: -

(₹ in millions unless otherwise stated)

Objects of the issue as per prospectus	Amount to be utilized as per prospectus	Utilization up to March 31, 2023*	Unutilized amount up to March 31, 2023
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	5,693.65	Nil

\* In addition, the Interest of ₹ 40.36 million earned on fixed deposit made out of IPO Proceeds is considered as part of IPO fund and has been used for disbursement.

6. Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for year ended March 31, 2023 is attached as Annexure I.
7. 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 debt securities {Secured Non- Convertible Debenture ("the NCD")} of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on the NCD. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of these NCD's at all times. Further disclosure under regulation 54(3) are given under Annexure II.
8. 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.
9. Details of loans transferred/acquired during the quarter ended March 31, 2023, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:





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

(₹ in millions unless otherwise stated)

Particulars	Transferred (MFI loans)	Acquired
Aggregate amount of loans transferred/acquired	4300.52	-
Weighted average in maturity (in months)	16.22	-
Weighted average holding period (in months)	8.46	-
Retention of beneficial economic interest by the originator	10.00%	-
Tangible security cover	111.11%	-
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.

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

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

(₹ in 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 half year i.e., September 30, 2022 (A)	of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2023	of (A), amount written-off during the half year ended March 31, 2023.	of (A), amount paid by the borrowers during the half year ended March 31, 2023. *	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
JLG loans	375.69	26.12	165.73	61.02	148.94
MSME loans	4.56	2.97	0.40	0.22	3.94

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

11. The results for quarter and 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 May 06, 2022 thereupon.
12. Previous periods/year figures have been regrouped / rearranged wherever necessary to conform with current period's classification.
13. The figures for the quarter ending as on March 31, 2023 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2023 and the unaudited published year-to-date figures up to December 31, 2022, being the date at the end of the third quarter of the financial year which were subjected to limited review. Similarly, the figures for the quarter ending as on March 31, 2022 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022 and the unaudited published year-to-date figures up to December 31, 2021, being the date at the end of the third quarter of the financial year which were subjected to limited review.
14. The above financial results are available on the stock exchange website's i.e., National Stock Exchange ([www.nseindia.com](http://www.nseindia.com)) and BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and can be accessed on the website of the Company ([www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)).

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

Devesh Sachdev  
Managing Director & CEO

Place: Gurugram  
Date: May 22, 2023



**Annexure I**

Disclosures as per Regulation 52(4) of the SEBI (Listing Obligations &amp; Disclosure Requirements) Regulations, 2015 as amended for the year ended as on March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Year ended
	March 31, 2023
(i) Debt-equity ratio (Times) *	2.92
(ii) Net worth **	23,219.19
(iii) Net profit after tax	3,871.45
(iv) Earnings per share (EPS) (Face Value of 10/- each):	
(a) Basic EPS before & after extraordinary items (net of tax expense)	43.29
(b) Diluted EPS before & after extraordinary items (net of tax expense)	43.13
(v) Total debts to total assets #	0.72
(vi) Net profit margin (%) ##	21.51%
(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 (%) @	3.46%
(b) Net Stage III (%) @@	0.87%
(c) Provision coverage &	75.50%
(d) Capital risk adequacy ratio (CRAR) %-Total	27.94%

**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)

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

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





**Independent Auditor's Certificate on Book Value of Assets of the Company contained in Columns A to J of Statement of Security Cover as at March 31, 2023 for Catalyst Trusteeship Limited and its Compliance with the financial covenants as included in the Statement of Compliance Status with Financial Covenants as at March 31, 2023**

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

1. This certificate is issued in accordance with the terms of our engagement letter dated 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 March 31, 2023 (Annexure I), and;
  - b. Compliance with the financial Covenants as included in the "Statement of Compliance Status with Financial Covenants as at March 31, 2023" (Annexure II)

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

The Statements are prepared by the Company from the Financial Statements and other relevant records and documents maintained by the Company as at and for the year ended March 31, 2023 pursuant to requirements of Circular no. SEBI / HO / MIRSD / MIRSD \_ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by Securities and Exchange Board of India in terms of regulation 54 read with regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 15(1)(t) of SEBI (Debenture Trustees) Regulations, 1993 (hereinafter referred together as "the SEBI Regulations"), as amended. The Statements have been prepared for the purpose of submission to Catalyst Trusteeship Limited, Debenture Trustee of the above mentioned listed debt securities (hereinafter referred to as "the Debenture Trustee"). The responsibility for compiling the information contained in the Statements is of the Management of the Company. The statement are initialed by us for identification purposes only.

**Management's Responsibility**

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



**Auditor's Responsibility**

5. Pursuant to the requirements of Circular no. SEBI / HO / MIRSD / MIRSD \_ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by SEBI, our responsibility for the purpose of this certificate is to provide a limited assurance on whether the particulars relating to the "Book Value of Assets of the Company contained in Columns A to J of Annexure I and Financial Covenants disclosed under Annexure II" furnished by the Company in respect of listed debt securities have been accurately extracted by the management from the Financial Statements and other relevant records and documents maintained by the Company as at and for the year ended March 31, 2023. This did not include the evaluation of adherence by the Company with terms of the Debenture Trust Deed and all the applicable SEBI Regulations.
6. The engagement involves performing procedures to obtain sufficient appropriate evidence to provide limited assurance on the Statements as mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

- a. Obtained the Statements from the management.
  - b. Tested that the information contained in the Statements has been accurately extracted from the Financial Statements of the Company as at March 31, 2023 and other relevant records and documents maintained by the Company.
  - c. Verified the arithmetical accuracy of the information included in the statement.
  - d. Verified that the nature of the charge on the assets of the Company was in accordance with the Debenture Trust Deed.
  - e. Verified the charge made on the assets of the Company from the Register of Charges maintained by the Company as per the requirements of the Companies Act, 2013.
  - f. Made necessary inquiries with the management and obtained relevant representations in respect of matters relating to the Statement.
7. We have audited the Financial Statements of the Company for the year ended March 31, 2023, on which we have issued our audit report dated May 22, 2023, which is unmodified. Our review of these Financial Statements 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 Financial Statements and other relevant records and documents maintained by the Company for the year ended March 31, 2023

**Restriction on Use**

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

Place: Gurugram  
Date: May 22, 2023

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



**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 23087104BGYKXU6304)



ANNEXURE-I  
STATEMENT OF SECURITY COVER AS ON MARCH 31, 2023 (FOR CATALYST TRUSTEESHIP LIMITED)

(Amount in Millions)

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)	Related to only those items covered by this certificate				
		Debt for which this certificate is being issued	Other Secured Debt	Debt for which this certificate is being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge).	Other assets on which there is Pari-Passu charge (excluding items covered in column F)	debt amount considered more than once (due to exclusive plus pari passu charge)	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, DSRA 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, DSRA market value is not applicable)	Total Value (=K+L+M+N)		
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
<b>ASSETS</b>														
Property, Plant and Equipment							132.80		132.80					
Capital Work-in Progress							2.51		2.51					
Right of Use Assets							76.58		76.58					
Goodwill							-		-					
Intangible Assets							0.23		0.23					
Intangible Assets under Development							-		-					
Investments							-		-					
Loans	Book Debts receivable	2,642.98	65,752.00	-	-	-	15,147.22	-	83,542.20	-	2,642.98	-	-	2,642.98
Less: Impairment as per Ind AS ***		(36.54)	(909.00)	-	-	-	(2,181.08)		(3,126.62)					
Inventories							-		-					
Trade Receivable							143.81		143.81					
Cash and Cash Equivalents							9,503.61		9,503.61					
Bank Balances other than Cash and Cash Equivalents		173.78	969.06				3.82		1,146.66		173.78			173.78
Others							2,213.59		2,213.59					
<b>Total</b>							<b>25,043.09</b>		<b>93,635.37</b>					
<b>LIABILITIES</b>														
Debt securities to which this certificate pertains **		2,448.81	2,656.74				-		5,105.55		2,448.81			2,448.81
Goodwill									-					
Other Debt														
Subordinated debt							1,129.91		1,129.91					
Borrowings							396.14		60,366.08					
Bank		Not Applicable	59,969.94											
Debt Securities							1,182.45		1,182.45					
Others														
Trade payables							813.95		813.95					
Lease Liabilities							93.89		93.89					
Provisions							110.30		110.30					
Others							1,614.05		1,614.05					
<b>Total</b>							<b>5,340.69</b>		<b>70,416.18</b>		<b>2,448.81</b>			<b>2,448.81</b>
Cover on Book Value *														1.15
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: Catalyst Trusteeship Limited****Statement of Compliance status with Financial Covenants as on March 31, 2023****Annexure II**

S.No.	ISIN	Facility	Amount Outstanding (Rs. In Millions)	Date of Trust deed	Financial Covenants as per Debenture Trust Deed (DTD)	Compliance as on March 31, 2023 (Y/N)
1	INE139R07290	Indian Bank	199.59	24-Aug-20	Clause 9.4 of DTD (Refer S.No 1 to 8 of Annexure II-A)	Yes
2	INE139R07258	DCB Bank	99.95	9-Jun-20	Clause XI of DTD (Refer S.No 4 of Annexure II-A)	Yes
3	INE139R07282	State bank of India - NCD 1	249.97	30-Jul-20	NA	NA
4	INE139R07381	UTI MICROFINANCE ENHANCEMENT FACILITY SA, SICAV-SIF	699.76	8-Mar-21	Clause 2.5.3 of DTD (Refer S.No 4, 9 to 12 of Annexure II-A)	Yes
5	INE139R07274	Union Bank	199.87	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	499.88	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	499.79	17-Mar-21	Refer Clause 2.6(Part B) of the DTD (Refer S.No 4, 17,18 & 19 of Annexure II-A)	Yes


For Identification Only  
  
Deloitte Haskins & Sells



**Trustee Name: Catalyst Trusteeship Limited**

**Summary of Financial Covenants**

S.No.	Particulars	As at March 31, 2023	As required by DTD	Notes Reference
1	Debt Equity Ratio	2.92	Below 6 times	A
2	Gross NPA	3.46%	Not more than 4.50%	B
3	Net NPA	0.87%	Not more than 2.50%	B
4	CRAR	27.94%	Greater than 15% as prescribed by RBI	C
5	Operating Cost Ratio	5.53%	Not greater than 15%	D
6	Cumulative Asset-Liability Mismatch	1,222.09	Cumulative Asset-Liability Mismatch of the company shall be within the limits prescribed by the RBI or company's asset - Liability Mismatch.	E
7	Maintenance of minimum net owned fund	22,223.27	Minimum of Rs. 50 million for NBFC MFI as per RBI Master Circular	F
8	Total outside Liability to Total Tangible net worth	3.16	Less than 10 times	G
9	Portfolio at Risk (PAR)>30 Days Ratio	4.18%	Below 5%	H
10	Adjusted Return on Assets (ROA)	10.43%	Greater than 0.5%	I
11	Open loan position 30 days	1.56%	Less than 20%	J
12	Maturity Mismatch of three months	5.26%	Below 100%	K
13	Total liabilities to Net Worth Ratio	3.03	Less than 6 times	L
14	PAR 90/AUM Ratio	3.11%	Not more than 5%	M
15	Net NPA/Equity Ratio	3.05%	Less than 10%	N
16	Minimum Equity	22,441.73	Not less than Rs. 10,000 million	O
17	Portfolio at Risk (PAR)>30 Days Ratio	7.14%	Below 12%	P
18	Return on Assets (ROA)	4.65%	Greater than 0%	Q
19	Loan Loss reserves of not less than 100%	108.23%	Not less than 100%	R
20	Tier 1 Capital	26.59%	Minimum of 13%	C

For Identification Only  
  
 Deloitte Haskins & Sells



**Notes: Calculation of Financial Covenants**

[A] Debt Equity ratio as on March 31, 2023		(Rs. in Millions)
Particulars		D/E Ratio
Debt Securities		6,288.00
Borrowings		60,366.08
Subordinated Liabilities		1,129.91
<b>Total Debt (A)</b>		<b>67,783.99</b>
Equity Share Capital		1,003.46
Other Equity		22,215.73
<b>Total Equity (B)</b>		<b>23,219.19</b>
<b>Debt Equity Ratio (A/B)</b>		<b>2.92</b>

[B] Gross Stage III% and Net Stage III % as On March 31, 2023		(Rs. in Millions)
Particulars		G/N III %
Gross Stage III Loans (A)		2,888.99
Total Loans Portfolio (B)		83,542.20
<b>Gross Stage III % (A/B)</b>		<b>3.46%</b>
ECL Stage III		2,181.08
<b>Net Stage III %</b>		<b>0.87%</b>

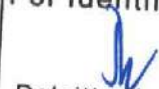
[C] Capital Risk Adequacy Ratio		(Rs. in Millions)
Particulars		CRAR
Share Capital		1,003.46
Free Reserve		22,165.13
<b>Total</b>		<b>23,168.59</b>
<b>Less:</b>		
Intangible assets & Leasehold		115.32
Capital work-in-progress		2.51
Deferred Revenue Expenditure		50.03
Deferred tax assets		777.46
		<b>945.32</b>
<b>Tier I Capital</b>		<b>22,223.27</b>
<b>Tier I Ratio</b>		<b>26.59%</b>
Provision on Standard Assets		704.42
Subordinated Debt		423.70
<b>Tier II Capital</b>		<b>1,128.12</b>
Total RWA		83,591.13
<b>Tier II Ratio</b>		<b>1.35%</b>
<b>CRAR</b>		<b>27.94%</b>

[D] Operating Cost Ratio		(Rs. in Millions)
Particulars		Operating Cost Ratio
Total Expense		12,879.86
Less: Finance Cost		6,427.77
Less Impairment		2,003.69
<b>Operating expense</b>		<b>4,448.40</b>
Average AUM		<b>80,410.95</b>
Op AUM Mar 22		67,859.71
Cl AUM March 23		92,962.19
<b>Ratio</b>		<b>5.53%</b>

Cumulative Asset-Liability Mismatch of the company shall be within the limits prescribed by the RBI or company's asset - Liability Mismatch.	
<b>[E] Cumulative Asset - Liability Mismatch</b>	1,222.09

<b>[F] Maintenance of minimum net owned fund of Rs. 5 Cr</b>	22,223.27
--	-----------

[G] Total outside Liability to Total Tangible net worth		(Rs. in Millions)
Particulars		Liability to Net worth
Total Liability		70,416.18
Less: Liability to Indian Bank for NCD		-
<b>Net Total Liability</b>		<b>70,416.18</b>

For Identification Only  
  
 Deloitte Haskins & Sells





<b>Net Worth</b>	<b>23,219.19</b>
Less: Intangible Assets	165.35
Less: DTA	777.46
<b>Tangible Net Worth</b>	<b>22,276.38</b>
<b>Ratio</b>	<b>3.16</b>

<b>[H] Portfolio at Risk (PAR)&gt;30 Days Ratio</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>PAR&gt;30 Ratio</b>
Portfolio at risk (PAR) > 30 days (A)	3,491.48
Gross Loan Portfolio (GLP) (B)	83,542.20
<b>Ratio (A/B)</b>	<b>4.18%</b>

<b>[I] Adjusted Return on Assets (ROA)</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>Adjusted ROA %</b>
Net Profit	3,871.45
Add: Interest Expense (1-tax rate)	4,809.90
<b>Adjusted Net profit (A)</b>	<b>8,681.35</b>
<b>Average Total Assets (B)</b>	<b>83,270.10</b>
Total Assets as on MAR 23	93,635.37
Total Assets as on March 22	72,904.82
<b>Ratio (A/B)</b>	<b>10.43%</b>

<b>[J] Open loan position 30 days</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>Adjusted ROA %</b>
GLP of Stage II & Stage III Loans	3,491.48
<b>Add:</b> Restructured loans greater than 30 days	-
<b>Less</b> Loan loss reserves	3,126.62
<b>Open loan position</b>	<b>364.86</b>
Total of Tier I and Tier II capital (CRAR)	23,351.39
<b>Ratio</b>	<b>1.56%</b>


<b>[K] Maturity Mismatch of three months</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>ALM 3M/Total Equity</b>
Cumulative Mismatch for 3 Months (A)	1,222.09
<b>Total Equity</b>	<b>23,219.19</b>
<b>Total Equity (including C above) (B)</b>	<b>23,219.19</b>
<b>Ratio (A/B)</b>	<b>5.26%</b>

<b>[L] Total liabilities should not exceed 6 times the Net worth of the Company</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>Ratio</b>
Equity Share Capital	1,003.46
Other Equity	22,215.73
<b>Net Worth (A)</b>	<b>23,219.19</b>
<b>Total liabilities (B)</b>	<b>70,416.18</b>
<b>Ratio (In times) (B/A)</b>	<b>3.03</b>

<b>[M] PAR 90/AUM&lt;5%</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>Ratio</b>
Stage 3 Loans (A)	2,888.99
Asset Under Management (B)	92,962.19
<b>Percentage (A/B)</b>	<b>3.11%</b>

<b>[N] Net NPA/Equity&lt;10%</b>	<b>(Rs. in Millions)</b>
<b>Particulars</b>	<b>Ratio</b>
Stage 3 Loans (A)	2,888.99
ECL- Stage 3 (B)	2,181.08
<b>Net NPA (A-B)</b>	<b>707.91</b>
<b>Equity (C)</b>	<b>23,219.19</b>
<b>Net NPA/Equity (A-B)/C</b>	<b>3.05%</b>

<b>[O] Ensure that the minimum equity shall not be less than INR 10,000 million</b>	<b>(Rs. in Millions)</b>
---	--------------------------

For Identification Only  
  
 Deloitte Haskins & Sells




Particulars	Amount
Equity Share Capital	1,003.46
Other Equity	22,215.73
Deferred Tax Assets	777.46
<b>Equity</b>	<b>22,441.73</b>

[P] Portfolio at Risk (PAR)>30 Days + Written off Ratio		(Rs. in Millions)
Particulars		PAR>30 Ratio
Stage II + Stage III Book Debts		3,491.48
Written off during the 12		2,472.01
Non- COVID Restructured Loan		-
<b>Portfolio at risk (PAR) &gt; 30 days (A)</b>		<b>5,963.49</b>
<b>Gross Loan Portfolio (GLP) (B)</b>		<b>83,542.20</b>
<b>Ratio (A/B)</b>		<b>7.14%</b>

[Q] Return on Assets (ROA)		(Rs. in Millions)
Particulars		PAR>30 Ratio
Profit after tax (PAT) (A)		3,871.45
Total Assets- March 31 2023		93,635.37
Total Assets-March 2022		72,904.82
Average Assets (B)		83,270.09
<b>ROA (A/B)</b>		<b>4.65%</b>

[R] Loan Loss reserves of not less than 100%		(Rs. in Millions)
Particulars		Amount
ECL Provision (A)		3,126.62
Stage III loans		2,888.99
Non- COVID Restructured Loan		-
<b>Portfolio at Risk (PAR) &gt;90 Days (B)</b>		<b>2,888.99</b>
<b>Ratio</b>		<b>108.23%</b>

For Identification Only  
  
 Deloitte Haskins & Sells





**Independent Auditor's Certificate on Book Value of Assets of the Company contained in Columns A to J of Statement of Security Cover as at March 31, 2023 for Beacon Trusteeship Limited and its Compliance with the financial covenants as included in the Statement of Compliance Status with Financial Covenants as at March 31, 2023**

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

1. This certificate is issued in accordance with the terms of our engagement letter dated 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 March 31, 2023 (Annexure I), and;
  - b. Compliance with the financial Covenants as included in the "Statement of Compliance Status with Financial Covenants as at March 31, 2023" (Annexure II)

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

The Statements are prepared by the Company from the Financial Statements and other relevant records and documents maintained by the Company as at and for the year ended March 31, 2023 pursuant to requirements of Circular no. SEBI / HO / MIRSD / MIRSD \_ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by Securities and Exchange Board of India in terms of regulation 54 read with regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 15(1)(t) of SEBI (Debenture Trustees) Regulations, 1993 (hereinafter referred together as "the SEBI Regulations"), as amended. The Statements have been prepared for the purpose of submission to 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 Financial Statements and other relevant records and documents maintained by the Company as at and for the year ended March 31, 2023. This did not include the evaluation of adherence by the Company with terms of the Debenture Trust Deed and all the applicable SEBI Regulations.
6. The engagement involves performing procedures to obtain sufficient appropriate evidence to provide limited assurance on the Statements as mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

- a. Obtained the Statements from the management.
  - b. Tested that the information contained in the Statements has been accurately extracted from the Financial Statements of the Company as at March 31, 2023 and other relevant records and documents maintained by the Company.
  - c. Verified the arithmetical accuracy of the information included in the statement.
  - d. Verified that the nature of the charge on the assets of the Company was in accordance with the Debenture Trust Deed.
  - e. Verified the charge made on the assets of the Company from the Register of Charges maintained by the Company as per the requirements of the Companies Act, 2013.
  - f. Made necessary inquiries with the management and obtained relevant representations in respect of matters relating to the Statement.
7. We have audited the Financial Statements of the Company for the year ended March 31, 2023, on which we have issued our audit report dated May 22, 2023, which is unmodified. Our review of these Financial Statements 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.





ANNEXURE-1  
STATEMENT OF SECURITY COVER AS ON MARCH 31, 2023 (FOR BEACON TRUSTEESHIP LIMITED)

(Amount in Millions)

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)	Related to only those items covered by this certificate				
		Debt for which this certificate is being issued	Other Secured Debt	Debt for which this certificate is being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge)	Other assets on which there is Pari-Passu charge (excluding items covered in column F)	debt amount considered more than once (due to exclusive plus pari passu charge)	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, DSRA 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, DSRA market value is not applicable)	Total Value (=K+L+M+N)		
		Book Value	Book Value	Yes/No	Book Value	Book Value				Relating to Column F				
<b>ASSETS</b>														
Property, Plant and Equipment							132.80		132.80					
Capital Work-in Progress							2.51		2.51					
Right of Use Assets							76.58		76.58					
Goodwill							-		-					
Intangible Assets							0.23		0.23					
Intangible Assets under Development							-		-					
Investments							-		-					
Loans	Book Debts receivable	56.42	68,338.56	-	-	-	15,147.22	-	83,542.20	-	56.42	-	-	56.42
Less: Impairment as per Ind AS ***		(0.78)	(944.76)	-	-	-	(2,181.08)		(3,126.62)					
Inventories							-		-					
Trade Receivable							143.81		143.81					
Cash and Cash Equivalents							9,503.61		9,503.61					
Bank Balances other than Cash and Cash Equivalents		-	1,142.84				3.82		1,146.66		-			
Others							2,213.59		2,213.59					
<b>Total</b>							<b>25,043.09</b>		<b>93,635.37</b>					
<b>LIABILITIES</b>														
Debt securities to which this certificate pertains **		49.98	5,055.57				-		5,105.55		49.98			49.98
Goodwill									-					
Other Debt														
Subordinated debt							1,129.91		1,129.91					
Borrowings			59,969.94				396.14		60,366.08					
Bank		Not Applicable												
Debt Securities							1,182.45		1,182.45					
Others														
Trade payables							813.95		813.95					
Lease Liabilities							93.89		93.89					
Provisions							110.30		110.30					
Others							1,614.05		1,614.05					
<b>Total</b>							<b>5,340.69</b>		<b>70,416.18</b>		<b>49.98</b>			<b>49.98</b>
Cover on Book Value *														1.13
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

Annexure II

## Statement of Compliance status with Financial Covenants as on March 31, 2023

ISIN	Facility	Amount Outstanding as at March 31, 2023 (Rs. In Million)	Date of Trust deed	Financial Covenant as per Clause 9.4 of Debenture trust deed (DTD)	As required by DTD	Compliance as on March 31, 2023 (Y/N)
INE139R07266	AU Small Finance Bank Limited	49.98	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 May

## Calculation for Financial Covenants

S.No.	Particulars	As at March 31, 2023	Remarks
1	Gross NPA	3.46%	Refer Table A
2	Net NPA	0.87%	Refer Table A
3	Debt Equity Ratio	2.92	Refer Table B
4	CRAR	27.94%	Refer Table C

### A. Gross Stage III% and Net Stage III % as on March 31, 2023

(Rs. in Millions)

Particulars	G/N III %
Gross Stage III Loans	2,888.99
Total Loans Portfolio	83,542.20
Gross Stage III %	3.46%
ECL Stage III	2,181.08
Net Stage III %	0.87%

### B. Debt Equity ratio as on March 31, 2023


(Rs. in Millions)

Particulars	D/E Ratio
Debt Securities	6,288.00
Borrowings	60,366.08
Subordinated Liabilities	1,129.91
<b>Total Debt (A)</b>	<b>67,783.99</b>
Equity Share Capital	1,003.46
Other Equity	22,215.73
<b>Total Equity (B)</b>	<b>23,219.19</b>
<b>Debt Equity Ratio (A/B)</b>	<b>2.92</b>

### C. Capital Risk Adequancy Ratio

(Rs. in Millions)

Particulars	CRAR
Share Capital	1,003.46
Free Reserve	22,165.13
<b>Total</b>	<b>23,168.59</b>
<b>Less:</b>	
Intangible assets & Leasehold	115.32
Capital work-in-progress	2.51
Deffered Revenue Expenditure	50.03
Deferred tax assets	777.46
	945.32
<b>Tier I Capital</b>	<b>22,223.27</b>
<b>Tier I Ratio</b>	<b>26.59%</b>
Provision on Standard Assets	704.42
Subordinated Debt	423.70
<b>Tier II Capital</b>	<b>1,128.12</b>
Total RWA	83,591.13
<b>Tier II Ratio</b>	<b>1.35%</b>
<b>CRAR</b>	<b>27.94%</b>

For Identification Only  
  
 Deloitte Haskins & Sells







# Fusion Microfinance Limited

(Formerly known as Fusion Micro Finance Private Limited)

CIN : L65100DL1994PLC061287

**Date: 22.05.2023**

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

**Sub: Declaration pursuant to Regulation 33(3)(d) and Regulation 52(3)(a) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations")**

Dear Sir/Ma'am,

In compliance of the provisions of Regulation 33(3)(d) and Regulation 52(3)(a) of the Listing Regulations, we hereby declare that M/s. Deloitte Haskins & Sells, Statutory Auditors of the Company, have issued Audit Report with Unmodified Opinion on the Annual Audited Financial Results of the Company for the financial year ended on 31<sup>st</sup> March 2023.

Thanking you ,

Sincerely,

**For Fusion Micro Finance Limited**

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

**Deepak Madaan**

**Company Secretary & Compliance Officer**

**Membership No. A24811**

**Place: Gurugram**