Fusion Finance

focused & dynamic

FUSION FINANCE LIMITED

Annual Report 2023-24

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Over the past 14 years, Fusion has been on a consistent growth trajectory. From geographical coverage to business numbers and workforce to product offerings, the company has witnessed a well-rounded expansion.

During its journey, the company has veered through multiple external uncertainties and disturbances while achieving several milestones. Throughout this, the sole mantra of Fusion has been to stay 'focused & dynamic'. It has helped us to remain persistent and relevant in the changing economic and business environment. Our 4 million strong customer base and presence in 22 states, including 3 union territories, are a testimony to our resilience and aspirations to build an industry-leading and respectable institution.

MESSAGE FROM MD & CEO

"We have been nimble enough to change along with our clients while staying relevant to them and their needs."

Dear shareholders,

I am happy to share with you Fusion Finance's annual report for FY 2024. The fiscal year 2024 has been our first full year after we turned into a public listed company in November 2022. What makes this year even more important for us at Fusion is that we crossed ₹10,000 crore in AUM. It is, indeed, a big milestone for our business.

Before I proceed further with the past year's achievements, I must share a significant recent update with you. Your Company is now known as Fusion Finance Limited. This change reflects Fusion's as well as our customers' evolution as we gear up to harness varied opportunities in the markets where we operate. We aim to provide a more diverse range of financial products to address our clients' expanding needs. This diversification will also help us to strengthen our business resilience, ensuring long-term sustainable growth. Having said that, we continue to stay committed to the microfinance segment, which remains a major driving force behind our business growth.

A+/Stable

Rating from CRISIL, ICRA and CARE

FY2024, we have registered a growth of 23.45% Y-o-Y in AUM and an increase of 9.46% Y-o-Y in our client base.

During the year, we have also registered the highest-ever PAT at ₹505 crore.

India's continued economic resilience

The fiscal year 2023-24 has been good for India's economy. The provisional estimates released by the Government place the real GDP growth for FY24 at 8.2% (Source: NSO). Domestic economic activity has been resilient, with manufacturing and services sectors maintaining buoyancy (Source: RBI). Amidst this, India's banking and finance sector has been showcasing healthy momentum. It has also been a year full of regulatory changes with a strong focus on compliance, customer fairness, and service quality. All favourable for the industry in the longer term.

Microfinance industry growth

Like the rest of the banking and financial services sector, the microfinance industry has also shown strong resilience over the past few years, even after many external turbulences. The industry's outstanding portfolio stood at ₹442.7 K crore as of March 2024, with 8.5% Q-o-Q and 26.8% Y-o-Y growth (Source: CRIF Microlend report March 2024). In this, NBFC-MFIs continue to hold the largest share with a 40% contribution. In fact, the portfolio of NBFC-MFIs has grown by 23.6% on a Y-o-Y basis as of March 2024 (Source - MFIN).

Fusion's focused & dynamic approach

The business environment is becoming increasingly dynamic, and companies with agility will survive and grow. At the same time, there are a few other areas where we are witnessing changes. There are definitely changes in customer behaviour and their needs, which demand constant alertness and continued upgradation and adaptation of products and services. We are also witnessing changes in the demographics, so companies now continually need to re-think and sharpen their approach to engaging people. Lastly, there is an ongoing and rapid change in technology and digitisation that needs a company not just to adapt quickly but also to innovate to stay ahead. I am happy to mention that we as a company are cognisant of the demanding scenario and are working to navigate through and thrive amidst these changes successfully.

In the process, what has helped is our dynamic and agile approach as an organisation. Being a homegrown company as well as one deeply connected to the roots of Bharat, we have an in-depth understanding of our customers and their evolving aspirations. We have been nimble enough to change along with our clients while staying relevant to them and their needs. Our fast adoption of technology at the customer touchpoint is an example. The most recent one is our name change to Fusion Finance, which helps us in bringing more products under our umbrella. As we grow, we understand the need for realignment in various business-critical areas to ensure coherent scalability. In line with this, we continue to evolve our business and operational strategies as well.

Our dynamicity is also reflected in the way we engage with our people. As an organisation with a workforce of 13,000 plus, people form the core of our success. We have been working on enhancing the overall employee journey at Fusion, with a strong focus on learning and development as well as their career growth. Diversity & inclusion is another area that we consider a major pillar of our people strategy, and we have made significant improvements in women employee share over the previous year. Undoubtedly, building an empathetic and people-oriented company culture has always been our priority. We have been making all efforts to achieve this goal with the required changes and initiatives. As we do this, we continue to grow our people-strength through retaining existing employees and adding new and diversified talent to our pool.

We are focused on becoming a large and respectable financial institution. This sharp focus has also motivated and helped us not only to grow our business significantly but also to pursue sustainable and resilient growth. Over the years, we have seen consistent AUM growth. In FY2024, we have registered a growth of 23.45% Y-o-Y in AUM and an increase of 9.46% Y-o-Y in our client base. During the year, we have also registered the highest-ever PAT at ₹505 crore. We have expanded our NIM by 107 bps to 11.22% in FY2024, with our cost of funds at 10.42%. Along with these, our consistent ROA and ROE numbers back up the strength of our business approach. We now have an A+/stable rating from CRISIL, which is the second rating upgrade by the rating agency in just 11 months.

Future focus

In FY2025, we have intensified our focus on digital and strengthening of our IT framework. We will soon be launching a new platform developed in-house for the MSME vertical. It will be aimed at growing our MSME business by removing friction in customer acquisition and customer service. We will also be leveraging data analytics and AI/ML to sharpen our customer targeting and acquisition. Further, we are exploring and working on new products to expand our product portfolio. The research is underway, and we will be sharing the update with you as and when we are ready to launch.

I would like to thank our customers, family at Fusion, Board members, investors, debt providers, rating agencies, analysts, business partners, regulators, and other stakeholders for their continued support. I want to express my deep appreciation for MFIN and the work it is doing to support the growth of the industry.

As we move forward and undertake new initiatives to further your Company's growth, we will need all your support. I assure you that we are and will always stay committed to all our stakeholders. Our sole pursuit continues to create value for all our stakeholders.

Best Regards,
Devesh Sachdev
Managing Director & CEO

About Fusion Finance Limited

Fusion was founded in 2010 & is a registered NBFC – MFI, which operates in a Joint Liability Group lending model of Grameen.

The Company was founded with the core idea of Creating Opportunities at the bottom of the pyramid, and we do so by providing financial services to unserved and underserved women in rural and semi-rural areas across India.

In 2019, the company launched a new vertical for MSME loans with an aim to cater to the 'missing middle' segment of the sector. In 2022, just 12 years after its inception, the company was listed on India's leading stock exchanges, BSE and NSE, and became a publicly listed company.

Fusion believes that its extensive network, technology and services have improved accessibility to formal credit, thereby positively impacting the lives of its customers in rural India.

Its customer-centric model and its deep-rooted presence, especially in rural markets across India, position it perfectly to offer an increasing variety of financial products in areas where financial services penetration remains limited.

Embedded in our DNA

VISION

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

MISSION

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

OUR VALUES

- Customer Centricity
- Respect
- Responsibility
- Collaboration
- Humility
- Governance & Transparency

Our Business Verticals

Microfinance

We provide small credit to women entrepreneurs belonging to low-income segment who do not have easy access to financial services.

MSME Loans

We serve 'Missing Middle' segment of the MSME sector by providing loans to growing small businesses for purposes that include working capital loans and solar rooftop set up among others.

	Disbursements, FY24 (₹ crore)	Revenue, FY24 (₹ crore)	Assets under Management, FY24 (₹ crore)
Micro Finance	9,932	2,308	10,946
MSME Loans	363	105	531

Numbers that define us

3.86 Mn
Active customers

1,297
Branches

453
Districts

22
States

13,807
Team Size

2,848
Net Worth (₹ crore)

4676
Market Capitalisation, BSE (₹ crore) BSE, March 31, 2024

Key highlights FY24

10,294
Disbursement (₹ crore)

2,412
Total income (₹ crore)

505
Net Profit (₹ crore)

11,476
Assets under Management (₹ crore)

10.42
Average cost of funds (%)

1,184
Off Balance Sheet POS (DA+BC) (₹ crore)

7,173
Funds raised (₹ crore)

11.22
Net Interest Margin (%)

0.60
Net Non Performing Assets (%)

3.03
Debt-equity (x)

2,848
Net worth (₹ crore)

OUR PRESENCE

Our extensive geographical presence provides us with an edge in furthering financial inclusion and helps us serve those in most need of financial services.

FY12

States of Presence	4
Branches	21
Customers	36,905
Disbursements (₹ Crore)	52
Revenue (₹ Crore)	7
Net Profit (₹ Crore)	0.15
Assets under Management (₹ Crore)	37

FY16

States of Presence	9
Branches	173
Customers	6,10,836
Disbursement (₹ Crore)	661
Revenue (₹ Crore)	110
Net Profit (₹ Crore)	13
Assets under Management (₹ Crore)	647

FY20

States of Presence	18
Branches	595
Customers	18,71,641
Disbursements (FY)	3574
Revenue (₹ Crore)	730
Net Profit (₹ Crore)	70
Assets under Management (₹ Crore)	3,607

FY24

States of Presence	22
Branches	1,297
Customers	38,61,892
Disbursements (FY)	10,294
Revenue (₹ Crore)	2,412
Net Profit (₹ Crore)	505
Assets under Management (₹ Crore)	11,476

COMPETITIVE EDGE

EXPANSIVE PRESENCE

Over the years, we have patiently and steadily extended our presence across the nation. Our footprint covers 22 states including 3 UTs in India. Our entrenched presence has fuelled our success and positioned us as a respected name in the MFI industry.

20.81%
BRANCH EXPANSION (CAGR FY 19 - FY 24)

20%
ACTIVE CUSTOMER GROWTH (CAGR FY 19 - FY 24)

PROVEN EXECUTION CAPABILITIES

Our experience of working in diverse rural markets has provided us with immense learnings on ways to alter our working. We have consistently leveraged this knowledge to streamline and upgrade our operating process to create a robust and resilient business model which allows us to manage business growth while optimising operating costs seamlessly.

34.15%
AUM GROWTH (CAGR FY 19 – FY 24)

2,675 BPS
DROP IN COST TO INCOME RATIO (Between FY 19 – FY 24)

ACCESS TO DIVERSIFIED SOURCES OF CAPITAL

Since inception, we have focused on diversifying our funding base. Hence, while we strengthened relations with existing funding partners, we continued to explore new funding sources. Moreover, our strong financial statements and credit rating have attracted numerous financial institutions to partner with us in our journey. It has helped us in optimising our borrowing costs.

10.42%
AVERAGE EFFECTIVE COST OF BORROWING FY24

225 BPS
DROP IN AVERAGE EFFECTIVE COST OF BORROWING (FY19 - FY24)

EFFECTIVE ASSET LIABILITY MANAGEMENT

We prioritise a prudent Asset Liability Management (ALM) policy. This involves meticulous monitoring of contractual maturities for all assets and liabilities. Additionally, we source funding with longer repayment terms than our loans, ensuring a higher average liability maturity. Our proactive approach has yielded favourable asset-liability positions across all time buckets, safeguarding our financial health.

23,869
FUNDS RAISED THROUGH DEBT (FY19-FY24) (ON BALANCE SHEET) (₹ CRORE)

A+(Stable)
BY CRISIL / ICRA / CARE AS ON MARCH 31ST 2024

ROBUST UNDERWRITING PROCESS AND RISK MANAGEMENT POLICIES

Our strong risk management framework, including comprehensive customer assessments and monitoring systems, is a cornerstone of our healthy portfolio quality. We proactively manage risk through frequent portfolio evaluations, rigorous cash flow analysis, and close monitoring of delinquency rates and customer retention across all branches. This multi-layered approach, overseen by dedicated risk management teams for credit, market, and operational risks and ultimately by our Risk Management Committee and Board of Directors, minimises the occurrence of bad debts.

2.89%
Gross NPA as on March 31, 2024

0.60%
Net NPA as on March 31, 2024

TECHNOLOGICALLY ADVANCED OPERATING MODEL

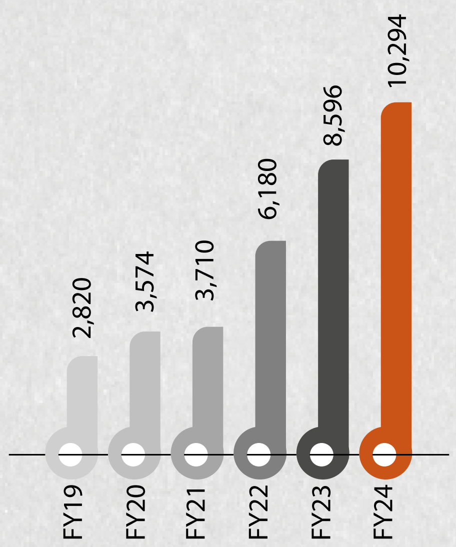
Early in our journey, we identified IT as the backbone of our business operations and drew out a comprehensive IT roadmap with measurable goals. With the advent of new technologies, we continue to revisit our blueprint to absorb tech solutions that enhance the speed and accuracy of our operations and the quality of our business. Our commitment to technological advancements has resulted in complete digital onboarding, cashless disbursements, reduced turnaround times, considerable efficiency in internal operations and cashless collection.

98.80%
Cashless disbursements (FY24)

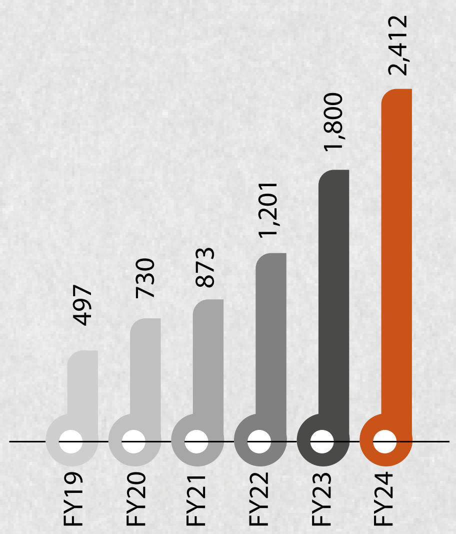
5.30%
Cashless collection (FY24)

KEY PERFORMANCE INDICATOR

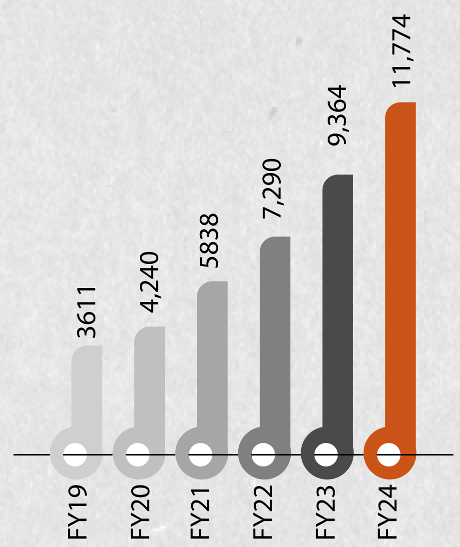
Our sturdy business growth is complemented by a consistent and robust financial performance.



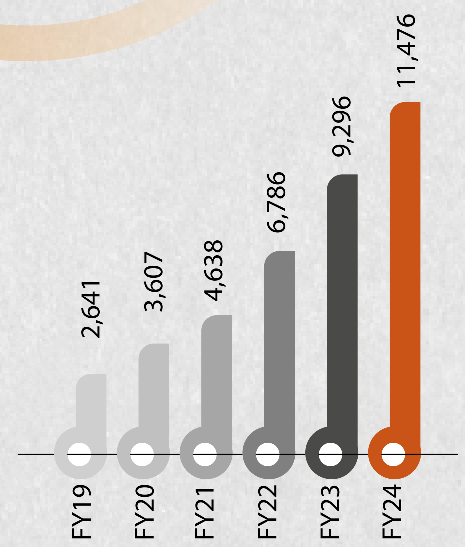
DISBURSEMENT (₹ CRORE)



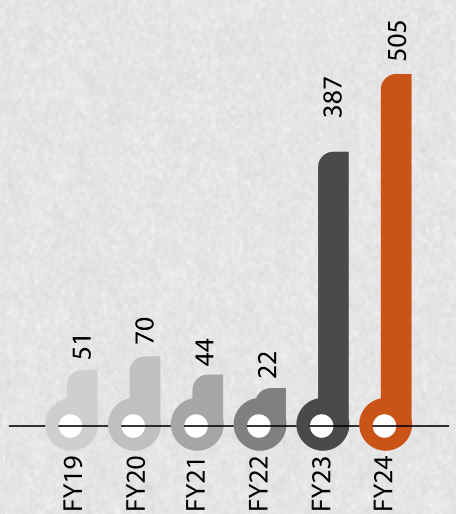
TOTAL INCOME (₹ CRORE)



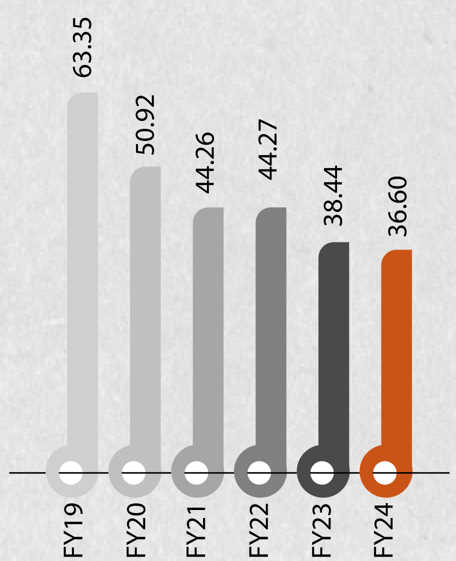
TOTAL ASSETS (₹ CRORE)



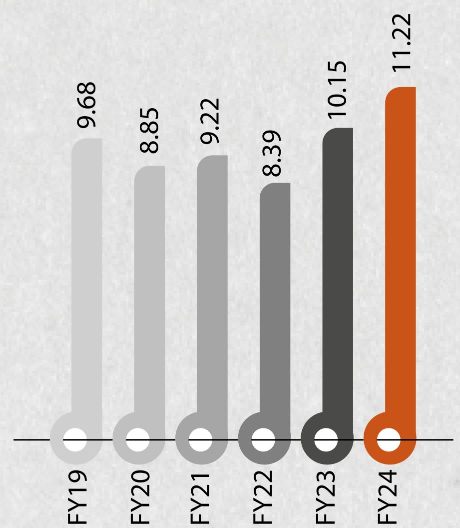
ASSET UNDER MANAGEMENT (₹ CRORE)



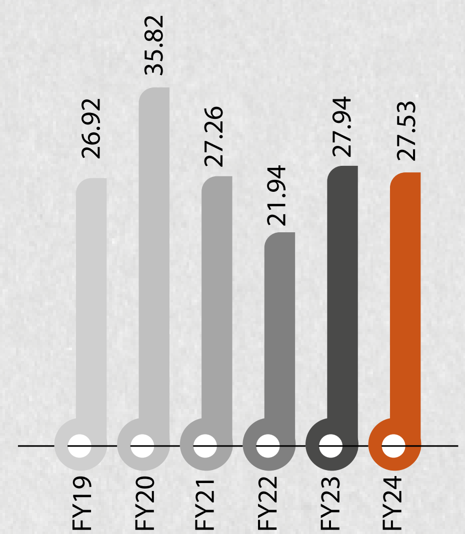
NET PROFIT (₹ CRORE)



COST-INCOME RATIO (%)



NET INTEREST MARGIN (%)



CAPITAL ADEQUACY (%)

FOCUS AREAS

funding dreams for a lasting impact

MICROFINANCE

Facilitating Financial Inclusion

Since our inception, we have focused singularly on catering to the needs of unserved and underserved women in rural areas. All our efforts have been directed at increasing financial inclusion coverage across the country by providing financial services at the last mile.

Today, we serve around 4 million clients and are proud partners to their success. We have always maintained a fine balance of human and tech touchpoints to drive and strengthen client relationships.

In FY24, we entered two new states, Andhra Pradesh and Telangana and added 181 branches across the country, thus expanding our presence to 22 states, including three union territories.

MFI Portfolio as on 31st March 2024

During FY 24, we disbursed ₹9932 crore against ₹8,375 crore disbursed in the previous Financial Year, registering a year on year (Y-o-Y) growth of 18.58%. For FY 24, the average ticket size was ₹43,351 against the average ticket size of ₹37,922 in FY23.

We continue to roll out new business and operations initiatives to ensure the healthy growth of our microfinance business. From geo-location tagging to introducing early warning alerts/Branch rating scorecards, we have been leveraging technology to strengthen processes and risk management. We have also introduced an assistance model leveraging Robotic Process Automation (RPA) for credit appraisal to enhance the quality and efficiency of the credit process. We introduced 'Humara Fusion', a first-of-its-kind customer loyalty program in the industry to build a loyal customer base. It has been designed to strengthen, motivate and reward fundamental building blocks of the Joint Liability Group lending model.

Our core diversification and organic customer growth strategy have helped build a solid platform for sustainable cross-cyclical growth. Going forward, our growth drivers will include:

1) EXPANDING CLIENT BASE

Mining deeper into existing states of operations and building a strong foothold in the newly launched states will be the 'mantra' for reaching out to more customers to further our mission of last-mile inclusive growth.

2) EXISTING CUSTOMER RETENTION

Analytics-led customer segmentation based on credit behaviour, vintage, experience, etc., will play a key role in automating the delivery mechanism and service platform, enabling customisation at product offering and customer service levels.

3) PRODUCT DIVERSIFICATION

Variety of Financial Products: Offering diverse products such as microloans and solar rooftop finance to meet various client needs.

Customised Solutions: Enhancing uptake by designing products to cater to specific client requirements based on customer credentials.

4) SALES FORCE EFFECTIVENESS

Training and Development: Building a robust 'Phygital' training framework to equip the teams with requisite skills and customer lifecycle management tools – objective and behavioural.

Incentive Programs: Periodic review of performance-based incentives, balancing base structure with specific campaign requirements from time to time.

5) CUSTOMER LOYALTY PROGRAM (CLP)

A first-of-its-kind Rural Loyalty Program called ' Humara Fusion' reinforces customers' relationship with Fusion and cultivates and encourages good credit behaviour among them.

MSME

Supporting Rural Entrepreneurship

Our efforts in addressing the credit needs of underserved customers also encompass the financial services we provide to MSME entrepreneurs. Through our MSME business loans, we focus on serving the "Missing Middle" segment of the MSME sector in rural areas.

We follow a contiguous geographical expansion strategy. In FY24, we operationalised 31 new branches.

The Company's underwriting approach is cash flow-based, focusing on understanding the ability and intent to pay of the business owner and business model. We have developed a robust underwriting framework and infrastructure for collateral assessment in secured loans. During FY24, we introduced digital tools Finfort, a new version of the TransUnion bureau ID Vision report, to strengthen the underwriting process and enhance service delivery.

Our collection model operates through a robust in-house team of 83 branch collection officers and central tele-calling staff. Since its inception, we have introduced the NACH/e-NACH payment solution, and more than 90% of collections are digital.

Portfolio as on 31st March 2024

During FY24, we disbursed ₹363 crore against ₹221 crore during the previous financial year, registering a year-on-year (YoY) growth of 64%.

In FY24, the average ticket size was ₹4.32 lakhs against the average ticket size of ₹3.55 lakhs in previous financial year FY23.

Secured loans

We offer secured loans to MSME customers against residential and commercial properties. The AUM of secured loans grew by 212% in FY24, from ₹116 crore in FY 23 to ₹361 crore in FY 24. A CERSAI charge has been created for all property-backed loans.

Solar Finance

In line with the national ambition and the transition to clean energy, a huge economic opportunity, Fusion introduced Roof Top Solar Finance under its Clean Energy Asset Finance Program for its MSME customers in semi-urban and rural spaces. As on 31st March 2024, we registered an AUM of ₹32 crore. We financed the installation of 8,651KW of solar power, which resulted in the daily saving of 11534 litres of diesel.

Growth Drivers

We continue to focus on leveraging captive business channels and enhancing vintaged branches' productivity. We will also continue to seek strategic alliances and partnerships to enhance our sourcing ability and launch segment-focused, purpose-led programs such as solar financing. We will adopt a new-age lending system and mobility solutions to enhance the response time, access and customer experience. Our aim will also be to leverage Prop-tech, which has streamlined property search and transactions in recent years, to improve the turnaround time and boost secured lending. Another focus area will be the upskilling of employees and talent acquisition to support growth and new products/programs for the segment.

MSME – pivotal in a Viksit Bharat

Micro, Small, and Medium-sized Enterprises (MSMEs) are critical contributors to economic growth, particularly in developing nations, as they play a pivotal role in creating employment opportunities and advancing global economic development. In India, MSMEs account for 30% of India's Gross Domestic Product (GDP) and over 45% of the exports. India's MSME sector is considered a vital engine for achieving the vision of a developed India by 2047, envisioned in the concept of "Viksit Bharat 2047".

PEOPLE MANAGEMENT

Building a culture of excellence

At Fusion Finance, we recognise that our employees are the cornerstone of our success. Our shared values of respect, collaboration, and customer-centricity form our organization's ethos and drive every business decision we make.

Recognising the critical role that employee engagement and well-being play in fostering a thriving workplace and achieving operational excellence, Fusion Finance prioritises these aspects as central pillars of our organisational culture.

We have implemented a comprehensive approach focused on:

- **Connect:** Building strong relationships and fostering collaboration across teams to create a supportive and engaged work environment. This includes maintaining an open and transparent communication flow that empowers employees, encourages collaboration, establishes trust, openness and respect for diverse thoughts and opinions.
- **Cultivate:** Ensuring a meritocratic and nurturing environment. This means a workplace that hones talent, develops skills and provides opportunities for growth in alignment with Fusion's strategic objectives and goals.
- **Celebrate:** Recognizing and rewarding employee contributions to foster pride, sense of accomplishment and motivation to strive for continued excellence.

13,807
Total No. of Employees in FY2023-24

10,363
Total No. of Employees in FY2022-23

Employee Engagement

With a large, diverse and distributed workforce spread across the country, keeping our employees engaged becomes a crucial task for us to ensure strong employee experience with the Company, irrespective of their locations. This starts right at the beginning of an employee's journey with us with regular touchpoints to facilitate the assimilation of new joiners in the company. Our strong induction program along with a 2-days' "New Hire Orientation" program aims at familiarising our new joiners with the Fusion's culture, values, goals and key policies & processes. 'Coffee 'n' Conversation' sessions with senior leaders provide another platform for further cultural and value assimilation. Apart from these, we also conduct welcome calls to new joiners and their families to create a welcoming atmosphere, thus helping new hires feel valued from Day One.

At Fusion, we believe that healthy engagement involves two-way communication. Therefore, at Fusion, we have ensured to amplify our employees' voice through multiple platforms. We continue to organise town hall meetings to foster dialogue between our employees and leadership. We also conducted 'Voice of Employee' survey to gather feedback and address concerns. With a 60% response rate (including the field staff), it helped us understand the employee needs which became a key input in refining our various HR strategies. Our high net promoter score in the survey indicated that employees share a keen sense of advocacy towards the organization and culture of respect stands out as an area of strength across the organization.

Additionally, we also regularly conduct physical and virtual meets, specifically for our employees stationed at the regional and branch offices. In our 'Baithak' sessions with branch leadership, HR facilitates peer-to-peer learning and also regularly share updates and key information. With 'Sangathan', we focus on building team connections at cluster level. These connects are crucial in exchange of best practices, roll-out of new initiatives and establishment of clear communication channels.

Our dedicated helpline is another mechanism to address issues and grievances raised by our employees. In FY2023-24, we received 2968 employee queries/ concerns, of which 100% were resolved with an average TAT of 1.2 days.

Employee Well-being

Our efforts have always been directed towards ensuring holistic well-being of our employees and their families. The parental coverage under Medical Insurance scheme for our managers and above levels is a step in that direction. Our wellness programs focus on physical and mental wellbeing of our employees and have expanded to include yoga sessions, fitness challenges, and mental wellness sessions, besides the regular health, eye and dental check-up camps. Additionally, we sensitize our field staff on sanitation and hygiene, healthy eating habits, managing change of seasons and destressing techniques to ensure a healthy working environment for all.

We have focussed on enhancing our branch infrastructure as well to ensure the comfort and well-being of our employees at the branches. Some of the initiatives in this regard have been to provide appropriate bedding materials during winters, summer care packages during summers, and rain gears during monsoons along with the financial support to provide mess facility across branches.

Inclusive Culture

At Fusion, we believe that diversity will help us build stronger teams. We have made significant improvements in gender ratio at our company. We have been focusing on increasing women employee share even at the branch level. Ensuring pay parity and also providing additional monetary benefit for women staff in field, providing a safe and inclusive work environment, and partnering with women in their professional and personal journeys have supported the growth in the numbers. We believe that building a community of Fusion women where they can come together to connect, share and engage will go a long way in further enhancing our diversity ratio. We conduct virtual and physical touchpoints to connect women across locations and levels to engage on multiple aspects such as financial wellness, professional grooming, and professional advocacy to foster a supportive work environment.

Level	Junior Mgmt	Middle Mgmt	Leadership
Gender Pay Parity Ratio	1.05	1.03	0.86

We conduct regular sessions to impart PoSH sensitisation and awareness across our employee base. Fusion has zero tolerance against any such harassment-at-work complaint. In FY2023-24, we organised 179 such sessions for our employees Pan India.

Talent Management

At Fusion, our talent strategy includes building a strong pipeline of homegrown talent and also supplement this experience with specialised skills through talent acquisition. This helps us in leveraging their specialised skills, extensive experience and fresh perspective while we expand and diversify our workforce.

We extensively hire freshers, especially in the field operations and work towards nurturing them to harness their potential to ready them for career progression within the organisation. We have a significant share of employees in our middle and senior leadership teams who had started at fresher levels and realised their career potential with us. Among our employees in Lead & Middle Management grades, an average of 83% have been promoted internally.

Learning & Skill Development

Learning and development is a critical area for us, and we ensure that we provide appropriate internal and external platforms and opportunities to our employees to equip them with required skills and knowledge.

Our Learning Management system (LMS) i.e. Fusion Gurukul has been designed to enable self-learning of the Fusion employees. The employees are segregated and assigned courses according to the department and designation. The LMS provided detailed courses across extensive 255 modules, especially focussed on the field staff, which are followed by assessments and requisite certifications. In FY24, over 12,500 employees completed training through LMS. There are also learning engagement activities, active wall of engagement, help & other support services available on the platform.

We have partnered with an external training facilitator to undertake a new initiative aimed at our employees' professional development. They have been engaged to support our AMs and DMs in the region to arm them with the knowledge, skills, and mindset necessary to transition from being managers to inspiring leaders. The classroom program followed by virtual sessions is designed to facilitate awareness around leadership skills and the culture that they create in their teams. Another focus area is to inculcate a sense of stronger empowerment through ownership and accountability. We also have a 'Coaching & Development Program' for MSME team to enhance employee productivity. It is an initiative to enable them to succeed in their careers through mentorship and seniors' guidance through Buddy system.

Performance Management System

We continue to refine and enhance our Performance Management System to better align with our strategic goals and foster a culture of excellence and continuous improvement. This approach is integral to our commitment to achieving high performance and employee development.

Our performance review process has been designed to be transparent and fair, with evaluations based on objective criteria aligned to the Balanced Scorecard approach. We have continued to implement SMART goals to provide clarity and focus for senior leaders and plan to further cascade it down to the next levels. Our goal-setting process involves collaborative discussions between employees and their managers.

We believe in differentiating out top performers with only 5%-10% of the appraised population getting into the highest rating. To keep them consistently motivated, these top performers received twice the average increments with almost 42% of top raters getting promoted to next level, putting their career on a fast track. Besides promotions, these top performers are also given opportunities to lead impactful internal projects or take on challenging assignments that would provide them with the necessary exposure for accelerated career development opportunities. Another differentiating factor is the performance based variable payouts which can be up to 180% of the eligible amount basis the rating and criticality of the role.

Another tenet at Fusion is our belief in home grown talent. More than 70% of our managers have been promoted internally which is a testimony to our talent management practices. In FY24 as well, of the total appraised population, 30% were promoted internally. Home grown talent provides the necessary continuity and stability to business fuelling the growth of the organization.

Rewards & Recognition

Our recognition programs celebrate long-serving employees and individual achievements, reinforcing dedication and excellence within the organization. We revamped our Long Service Awards for employees who have completed 3,5,7 and 10 years with us. We not only recognise our top performers through individual awards but also ensure to acknowledge the contributions of their families through appreciation letters. The offsites conducted across functions is a big event eagerly looked out for by our employees. It is an opportunity for teams to bond, connect, explore and celebrate.

Healthy and fun work environment

We aim to foster a healthy and joyful work environment so that our employees feel more connected to the company and their team members. From celebrating achievements and milestones to festivals and special occasions, we ensure that celebrations and fun activities are integrated to sustain high team spirit and ensure a sense of belongingness. Teams across the country celebrate and share memories of their celebrations to mark occasions & festivals.

We also ensure to conduct fun activities at our offices, including the branches, that include cricket tournaments, outdoor picnics, movie screenings, visits to water park, team lunches and many more. Such initiatives contribute to a fun and vibrant workplace culture, making the organization a more enjoyable place to work.

As we move forward, our focus will remain on enhancing our employee productivity and increase stickiness with employee engagement and differentiated rewards. We are committed to continuously improving our programs and initiatives based on employee feedback and best practices. Our goal is to create a workplace where every employee feels valued, supported, and empowered to achieve their best.

INFORMATION TECHNOLOGY

Leveraging technology for scalability & sustainability

At Fusion, technology plays a critical role in not just ensuring business continuity but also supporting the scalability of the business. We have a well-defined IT strategy and have been leveraging cloud technology and modern IT systems since our beginnings.

We continue to integrate and leverage various new and innovative technologies to strengthen our IT capabilities and build a futuristic IT framework. Our tech platform leverages hybrid approach that combines use of in-house capabilities and solutions built by external experts. Our in-house technology team develops tailor-made solutions for core business requirements. We also integrate pre-built solutions available in the market for non-core functionalities. We have been leveraging microservices to allow greater agility and flexibility in software development and deployment.

We are also making use of AI/ML technologies to bring improvements in decision-making, credit scoring & underwriting, and seamless compliance and regulatory reporting. We have developed diverse tools for data exploration, visualisation, and insight generation while empowering users to analyse data independently.

Our Tech Philosophy

- "Business First" approach while driving innovation & creating value
- "Customer Centric" mindset, enabling frictionless solution for our field force
- "Responsive Flexible & Scalable" tech framework
- "Zero Tolerance" on Security & Compliance
- Enabling "Data Driven" decision making

Over the past years, we have introduced several new solutions to drive company's operational excellence and support its continued growth. These initiatives have been designed to improve how we manage data, enhance network availability, and keep our offices seamlessly connected.

Our Robust IT Footprint

~1 Million
Daily Transactions

1. DATA MANAGEMENT & SECURITY

We employ state-of-the-art end-to-end encryption protocols to safeguard data during both transmission and storage. This ensures that sensitive information remains secure, mitigating risks of unauthorised access and potential breaches. We also continuously monitor, detect, and respond to security threats in real time by leveraging Wildfire by Prisma Access. This proactive approach allows us to identify and neutralise security threats swiftly, ensuring robust data protection.

2. ENHANCING NETWORK AVAILABILITY

We have set up dual network connections and automated failover systems to ensure minimal downtime. Moreover, as we host most of our infrastructure on AWS, it helps us ensure operational continuity in a seamless manner. Further, we have integrated advanced monitoring tools to gain real-time insights into network's health and performance. This proactive management approach enables us to optimise system stability and efficiency.

3. BOOSTING CONNECTIVITY ACROSS OFFICES

Implementing Palo Alto's Prisma Access SIG enables us to prioritise critical business applications over less essential traffic. This strategic data flow management ensures consistent availability of bandwidth for mission-critical operations. We have also deployed solutions that block or restrict access to non-business-related websites and applications, freeing up bandwidth for essential operations and reducing security risks.

We leverage traffic shaping techniques to regulate data transfer across the network. We also employ data deduplication techniques to remove duplicate data on the network. These help us in ensuring the most efficient usage of our WAN bandwidth and enabling optimal performance for our critical applications.

12,000
Customer applications

41,000
Credit Bureau Enquiries

5 Lakh
Credit Bureau Submissions

12,000
Loan applications

10,000
daily disbursements

2 Lakh
Loan repayments

18,000
Cashless collections

4. PREPARING FOR DISASTERS

For our in-house development, we have adopted cloud-based disaster recovery strategies for securing data across multiple locations. This approach facilitates swift recovery in the event of physical or cyber incidents, minimising operational disruptions. Further, we regularly conduct disaster recovery drills to test and refine our disaster response protocols. This preparedness enables us in prompt restoration of IT services while ensuring business continuity with minimal disruptions.

5. ENHANCING PROCESSES AND OPERATIONS

With such a large workforce, client base and geographical coverage, ensuring adherence with the processes and operational efficiency is a behemoth task. In this direction, we have undertaken several initiatives. We have improved our field processes by tagging the geographic locations of our client houses, centers, and branch offices. This helps us to validate rules and manage our resources more effectively.

We have also implemented rules to halt disbursements at any branch that reaches its Portfolio at Risk (PAR) threshold. The control is relaxed only when PAR is reduced below this limit. We have deployed a system to send SMS notifications to clients for cancelled collection transactions. This enhances transparency in our relationship with the client, thus fostering trust. During our monthly credit bureau submissions, the SMS notifications are also sent to those clients whose payments are overdue. This enables us to remain compliant as well as helps us in keeping our clients informed.

6. ENHANCING ORGANIZATIONAL EFFICIENCY

In any organisation, availability of business insights is important in day-to-day as well as strategic decision making. At Fusion, we have created an inhouse reporting solution that enables all cross-functional teams to seamlessly receive essential business reports. We have also built multiple dashboards to track key business indicators and provide insights into our growth and performance month over month. This supports continuous monitoring of growth trends while empowering the teams to make informed decisions. Apart from these solutions, we have also developed tailored executive dashboards to provide real-time overviews of critical business metrics and performance indicators, supporting strategic decision-making at the highest levels.

IT Security landscape

Network Layer	Firewall	Intrusion Detection System	Email Security	Network Access Control
Application Layer	Web Application Firewall	Vulnerability Assessment	Access Management Review	
Endpoint Layer	Endpoint Detection	Antivirus Solution	Device Encryption	Data Loss Monitoring
Early Warning Systems	Indian Computer Emergency Response Team	Americas Cyber Defence Agency	The First Stop for Security News	National Vulnerability Database by NIST

Environment. Society. Governance

At Fusion, we prioritise environmental, social, and governance (ESG) metrics to gauge our business's sustainability and positive impact. We recognise that sustainable practices, social impact, and responsible governance are not only ethically imperative but also critical for long-term success and value creation.

We have been adhering to IFC's Exclusion List, which prohibits activities inconsistent with sustainable development principles.

Our commitment to unwavering action is exemplified by developing and adopting a comprehensive Environmental & Social (E&S) Policy. This policy guides our processes and bolsters our existing systems, ensuring we uphold the highest standards of environmental stewardship and social responsibility.

For effective implementation, we have established an Environmental and Social Management Framework (ESMF) to oversee environmental and social risks and opportunities throughout our operations. By embedding our E&S Policy into our operational fabric and complying with the IFC's exclusion list, we strive to drive sustainable growth and deliver enduring value to our stakeholders.

Environment

Fusion is steadfast in its commitment to environmental stewardship. We aim to continuously enhance our environmental performance, integrating green practices into our products and services to benefit our stakeholders and the wider community.

Our various efforts in rural regions aim to contribute to environmental sustainability. We have been promoting eco-friendly commuting through the distribution of bicycles. More than 9,000 people have been the beneficiaries of this drive. It has helped them in substantial transportation cost savings and ensuring reduced carbon emissions.

Moreover, we introduced nearly 15,44,660 inverter bulbs to rural households, which has enhanced convenience and supported adoption of eco-friendly measures. These energy-efficient bulbs provide a reliable light source during unexpected power failures, ensuring continuity in daily household activities. By adopting these bulbs, rural communities can decrease their dependence on conventional energy sources and minimise their carbon footprints. Additionally, many individuals have creatively used these bulbs as lanterns for safe evening navigation outside their homes, further promoting sustainable practices.

Social

At Fusion, we acknowledge the inextricable link between sustainability and community. Our efforts are focused on the holistic development of our employees and underprivileged communities. By promoting equity and inclusivity, we drive growth and ensure a socially responsible approach. We engage all stakeholders through collaborative initiatives to shape a more inclusive and sustainable tomorrow.

Our CSR vision focuses on actively transforming communities aligning with UN SDG goals.

We understand our responsibility and are committed to giving back through grassroots interventions and employee volunteerism. Our CSR initiative planning is strategically aligned with key thematic areas and positively impacts the communities in which we operate.

Governance

At Fusion, we recognise that good corporate governance is critical for building and sustaining a successful business. Our commitment to effective corporate governance practices is rooted in the values that guide all our stakeholder interactions. Our focus on long-term value creation drives us to uphold the highest standards of governance, and we constantly evaluate ourselves against best practices to ensure that we remain at the forefront of responsible business conduct. This includes ensuring strict adherence to our compliance and disclosure practices along with risk management framework.

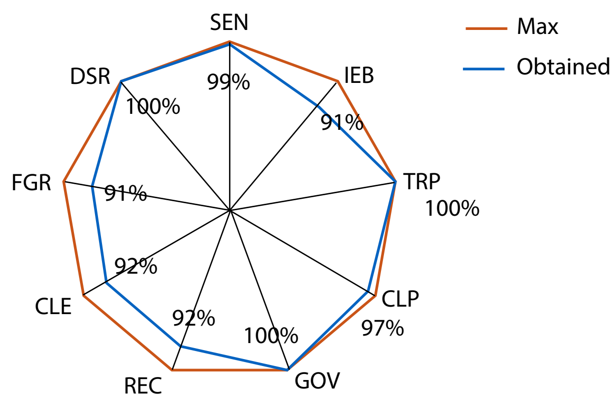
Social Performance Management

In a comprehensive Code of Conduct Assessment (CoCA) conducted by M-CRIL, the Company achieved an impressive score of 96%, earning a prestigious C1 grade.

This rating reflects the Company's outstanding compliance with the Code of Conduct, demonstrating excellence across various crucial indicators. These indicators include transparency, client protection, governance, recruitment, client education, feedback mechanisms, grievance redressal, and data sharing.

The assessment underscores the Company's commitment to high standards and best practices in the microfinance industry, leaving a strong impression of the Company's performance.

COCA Dimension Scores



ADDO Scores

The Company achieved an impressive Alpha rating in the Microfinance Institution Rating conducted by M-CRIL. This top-tier rating highlights the Company's high capacity to manage its operations sustainably.

The MFI Capacity Assessment Grading reflects the Company's strong governance, excellent systems, and healthy financial position, all of which contribute to its stability and resilience. The assessment confirms that the Company operates without foreseeable risks, showcasing its robust and reliable management in the microfinance sector.

	Mar- 2024
Rating	Alpha +

Category	Mar-2024
Governance & Strategy	Alpha +
Organization & Management	Alpha +
Financial Performance	Alpha +

SEPM Pathway ESG Indicator

Scoring 81% in the SEPM Pathway ESG Risk audit demonstrates the Company's unwavering commitment to social and environmental responsibility and ethical practices.

Assessed against eight dimensions of the Universal Standards for Social and Environmental Performance Management (USSEPM), the Company excelled in areas such as social and environmental strategy, leadership commitment, client centricity, client protection, robust governance mechanisms, and human resources development.

This impressive score indicates that the Company prioritises the well-being of its clients, solidifying its reputation as a socially and environmentally responsible and ethical financial institution. BNP Paribas conducted the audit as part of its commitment to enhancing social and environmental performance.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Empowering Communities and Building a Sustainable Future

At Fusion, we believe in driving positive change by improving the socioeconomic conditions of the communities we serve.

Our enduring commitment to social responsibility reflects our deep understanding of the interdependence between sustainable development and societal well-being. We continuously strive to empower vulnerable communities through our targeted intervention.

- **24** CSR programmes
- **424** CSR Activities
- **1,32,774** Lives Touched
- **20** States
- **209** Districts
- **41** Aspirational Districts
- **10** Partnership with NGOs
- **~435** Branding & Visibility
- **~1,868** Employees Participation
- **~360** External Stakeholders

With an unwavering commitment to social responsibility, we understand the crucial link between sustainable development and the well-being of society. Our initiatives are consistently designed to empower the vulnerable sections of the community. We have always upheld a strong commitment to social responsibility, guided by our recognition of the vital connection between sustainable development and societal well-being. Our interventions are focused on empowering those who are most vulnerable. Our steadfast dedication to social responsibility is rooted in our understanding of the synergy between sustainable development and societal well-being. We prioritize interventions that uplift and empower the most vulnerable members of society.

Fusion's CSR initiatives are centred on "Building Bridges, Creating Change: Transforming Lives for a Brighter Tomorrow." These efforts align with thematic areas and the UN Sustainable Development Goals, ensuring that our interventions are both impactful and sustainable.

CSR Thematic Area	Education & Skill Development	Health & Hygiene	Community Empowerment & Livelihood	Environment Sustainability & Sanitation	Relief & Rehabilitation
Sustainable Development Goals	4	3	8	7, 6	13

Education
& Skill Development

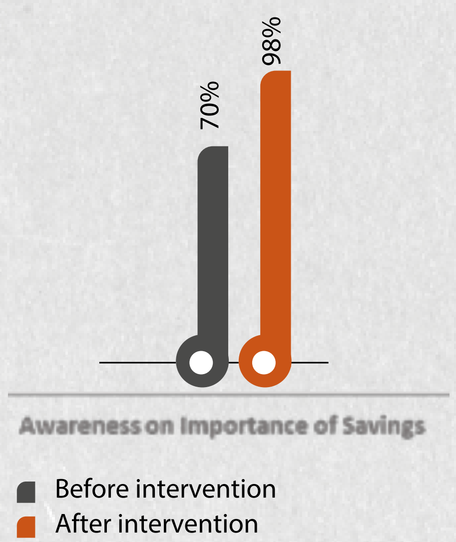
Financial and Digital Literacy Programme

Basic financial knowledge is crucial for making sound investments and financial decisions. Unfortunately, many individuals lack these fundamental skills, leading to difficulties in meeting daily expenses. Often, discussions around financial literacy only focus on educated, urban populations.

At Fusion, we recognize the significance of financial literacy, especially in a developing country like India, where the majority resides in rural areas. Our mission is aligned with India's aspirations of becoming an economic powerhouse. Therefore, we have undertaken initiatives to promote financial literacy and spread awareness about government programs among rural communities.

In addition to the targeted programs in Bihar and Uttar Pradesh, Fusion has extended its reach across states, conducting short-term financial literacy awareness programs for rural individuals. Through these initiatives, participants gain valuable insights into various aspects of financial management and digital payments, empowering them to make informed decisions and build a secure financial future for themselves and their families.

10,990+	55+	13	10
Beneficiaries	Activities	States	Aspirational Districts



Testimonial

Name: Pratima Devi
Location: Bihar

I am Pratima Devi from Bihar, and I am thrilled to share my experience with the Financial & Digital Literacy program organized by Fusion. In just two hours, this program has given me a new perspective on managing finances and embracing digital payments. Learning about the right methods of savings and uncovering relevant government schemes was a revelation for me and my neighbors. Now, armed with this newfound knowledge, I proudly maintain a financial diary and feel more confident in my ability to make informed financial decisions. Moreover, I am excited to explore digital payment methods, thanks to the valuable insights gained from the program.

Fusion Sahayata Kendra Programme -

In line with our commitment to community empowerment and service, our Fusion Sahayata Kendra initiative aims to facilitate access to essential government services and assist in the rectification of important documents. These centers, established across multiple locations, have been crucial in helping individuals apply for government schemes, obtain ATM cards, and open bank accounts with support from Common Services Centres (CSC).

The Kendras assist with inquiries and applications for schemes such as Ayushman Bharat Yojana, old-age pensions, ration cards, and various certificates. They also support the rectification of important documents like Aadhar, PAN, and voter ID cards.

This initiative has reached regions in Punjab, Himachal Pradesh, Uttar Pradesh, Madhya Pradesh, Bihar, and Jammu & Kashmir, significantly impacting these communities by making government services more accessible and contributing to the well-being and empowerment of individuals.

- **13,900+** Beneficiaries
- **100+** Activities
- **6** States
- **10** Aspirational Districts

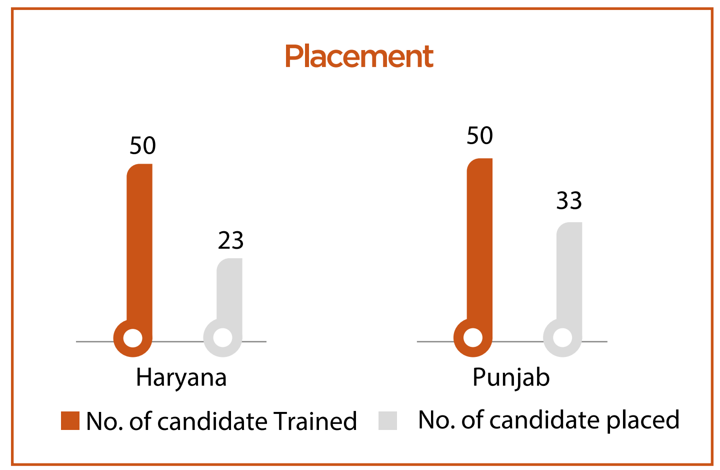
Testimonial

Name: Shweta Mishra
Location: Rampur Naikin, Madhya Pradesh

My name is Shweta Mishra from Rampur Naikin, Madhya Pradesh. During a visit to Fusion's branch, I discovered the Fusion Sahayata Kendra, a remarkable service for the community. I was able to obtain my Ayushman card and e-shram card free of charge with a simple, smooth process. This service has been a great relief as I had struggled to access these documents. I am deeply grateful to Fusion for providing such valuable assistance without any financial burden. Thank you, Fusion, for making essential documents accessible to individuals like me.

Digital and Skill Development Programme

The importance of digital and skill development training cannot be overstated in today's rapidly evolving job market. Recognizing this, Fusion has taken proactive steps to empower youths by offering digital and skill training with particular focus on enhancing financial management and support them for their livelihood. Through a comprehensive 10-day training program covering core topics such as RBI, NBFCs, banking, and their functions, Fusion has equipped candidates with the knowledge and expertise needed to excel in similar sectors .With the assistance of third-party assessment, these candidates achieved an impressive average score of 83%, showcasing their proficiency in the subject matter. Moreover, by the end of March, 56% of these trained individuals had secured placements across diverse sectors including BPOs, educational institutions, financial institutions, and retail, demonstrating the effectiveness and relevance of Fusion's training initiatives in facilitating career opportunities and fostering economic growth.



Testimonial

Name: Sandhya
Location: Punjab

My name is Sandhya, and I am truly grateful for the digital and skill development course provided by Fusion. I discovered the course through a friend's social media post and decided to join. Throughout the course, I gained invaluable insights into banking and the microfinance sector. After completing the course and a successful interview, I was offered a placement as a Front Office Executive at Shree Ram Academy. I am deeply thankful to Fusion for the training and support that led to this achievement. Thank you from the bottom of my heart

Shiksha (Scholarship)

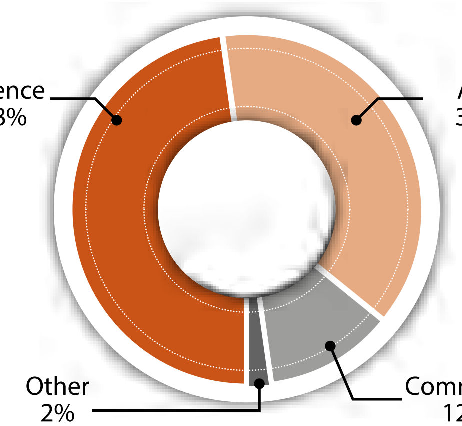
Recognizing the critical need to bridge the educational gap between financially deprived students and their more privileged peers, Fusion's CSR initiative Shiksha aims to empower economically disadvantaged students. Educating young individuals is essential for building a progressive family, society, and nation, as an educated person can uplift many lives and contribute significantly to economic growth and prosperity.

Fusion's CSR Program 'Shiksha' provides scholarship to financially deprived students, enabling them to pursue their education and achieve their academic goals.

Through this initiative, counselling and mentoring sessions were organized, resulting in an average score of 63% in the first year of graduation. Shiksha empowers economically disadvantaged students, fostering educational development and social upliftment, and making a substantial impact on creating a more equitable and prosperous society.

- **360** Beneficiaries
- **10** Activities
- **10** States

TYPE OF COURSE



Testimonial

Name: Kshitiz Singh
Location: Uttar Pradesh

I'm Kshitiz Singh, a class 12 student aiming to pursue Graphic Design or Web Development. With my father as the sole earner, our finances are tight. Fusion's Shiksha Scholarship has been a tremendous help, easing our burden and enabling me to focus on my studies.

I'm deeply thankful for this support, which not only lessens the financial strain on my family but also propels me towards my academic goals. Thanks to Fusion for believing in my potential.

Nanhi Pahel (Early Childhood & Education)

The "Nanhi Pahel" Early Childhood & Education Centers have been established with the mission to ensure access to education, foster social and cognitive development, and enhance the overall well-being of children up to 5 years of age. Currently operating in two different states of Uttar Pradesh & Uttarakhand, these centers serve as invaluable hubs for needy children, providing them with a nurturing and stimulating environment crucial for their early years. These centers not only focus on primary academic learning but also emphasize holistic development, including social skills, emotional intelligence, and physical well-being. Through engaging activities, play-based learning, and personalized attention, Nanhi Pahel centers strive to lay a strong foundation for each child's future success. By offering access to quality early childhood education, Nanhi Pahel is not only impacting the lives of these children but also contributing to the broader goal of building a brighter and more equitable society.

Distribution of Educational Accessories

Program aims to provide educational accessories to needy students who have made impressive strides in enhancing the quality of primary education across targeted regions. Program implemented in Assam, Bihar, Chhattisgarh, Gujarat, Maharashtra, Karnataka, Punjab, Tamil Nadu, and West Bengal. This initiative underscores our commitment to reaching those most in need and lays a strong foundation for future endeavours.

The kit provided to students comprises a school bag, notebooks, and other essential stationery items, ensuring they are equipped to engage fully in their educational journey. As we look ahead, sustainability and quality enhancement remain key priorities. Strengthening community engagement and including government school students will be central to our strategy, ensuring our efforts continue to positively impact students' lives.

3000+ Beneficiaries

38+ Activities

9 States

6 Aspirational Districts

Testimonial

Name: Sahil Singh
Location: Punjab

I'm Sahil Singh, a second grader. My old bag was stolen, and I was sad using a plastic bag for school. It wasn't the best, but it was all I had. Then Fusion surprised me with a new bag in my favourite colour, blue! It's exactly what I wanted and made going to school fun again. Now, I'm proud to walk with my new bag, and my parents are happy to see me smiling. Thank you, Fusion, for making a big difference in my life.

Road Safety Awareness Campaign

In the bustling streets of India, ensuring road safety is paramount to safeguarding lives and reducing accidents. Recognizing this pressing need, Fusion embarked on a CSR initiative aimed at enhancing road safety awareness through the distribution of barricades for traffic and crowd control. With the alarming rate of accidents and traffic congestion prevalent in states like Bihar, Chhattisgarh, Haryana, Jharkhand, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal, there was an urgent call for action to mitigate these risks and create safer road conditions for all.

Fusion's initiative to distribute barricades sought to address this need head-on. The efforts have made significant strides in improving road safety across various regions. These efforts have not only enhanced public safety but have also positively impacted the lives of thousands of community members, reflecting Fusion's commitment to fostering safer environments and bettering the lives of those it serves.

52 Activities

10 States

10 Aspirational Districts

Support to Athletes

Fusion's CSR initiative is deeply committed to nurturing sports excellence by supporting promising athletes in their training and preparation for national and international tournaments. Currently, Fusion proudly backs four female athletes, each showcasing exceptional talent and determination in their respective disciplines. From canoeist Namita Chandel undergoing rehabilitation to para swimmer Devanshi Satija's participation in the Asian Para Games, Fusion stands as a steadfast pillar of support, enabling these athletes to pursue their dreams and excel on the global stage. Aruna Reddy's silver medal triumph in gymnastics and Avantika Narale's impressive performance in athletics further underscore Fusion's dedication to fostering sports talent across various domains.

Through its support for these athletes, Fusion not only invests in individual excellence but also contributes to the overall growth and development of sports in India. By providing resources and encouragement, Fusion empowers athletes to overcome challenges and reach their full potential, inspiring future generations to pursue sporting greatness. As Fusion continues to champion sports excellence through its CSR initiatives, it remains committed to nurturing talent, fostering a culture of sportsmanship, and contributing to the collective pride and success of the nation on the global sports arena.

Testimonial

Name: Aruna Reddy
Location: Hyderabad

I am Aruna Reddy, a Gymnast representing India. Despite facing the daunting challenge of a third ACL tear, I refused to let adversity define my journey. With the unwavering support of Fusion and the comprehensive assistance provided by the GoSports Foundation, I embarked on a remarkable path to recovery. Through sheer determination and resilience, I not only returned to the gymnastics arena but also clinched a silver medal in my very first tournament back, the senior nationals in Guwahati. My triumphant comeback underscores the importance of perseverance and the invaluable role played by support systems in achieving success. My story serves as a beacon of hope, proving that with resilience and the right support, one can overcome any obstacle and emerge victorious.

Health
& Hygiene

Health Check up and Awareness Camps

Fusion's Health Camp Initiative addresses the critical need for accessible healthcare in marginalized communities across Pan India. These camps serve as a vital lifeline for areas that lack basic medical services, providing interventions to prevent minor health issues from escalating into serious conditions. With a focus on women's health, Fusion's CSR initiative offers comprehensive health check-ups, diagnostic tests, and access to gynecologists, ensuring that women receive the necessary medical attention and support they deserve. By bringing together a dedicated team of healthcare professionals, Fusion's health camps deliver a wide range of services, including examinations for blood pressure, haemoglobin levels, and diabetes, under one roof.

Through its relentless commitment to social responsibility, Fusion's health camps have made significant strides in enhancing healthcare accessibility and empowering communities. The initiative has led to tangible improvements in fostering a healthier and more informed populace across the targeted areas. Fusion remains steadfast in its dedication to ensuring that every individual, regardless of their socio-economic status, has access to the fundamental right to health.

- **9000+** Beneficiaries
- **55+** Activities
- **15** States
- **14** Aspirational Districts

Testimonial

Name: Mona Vats, Gynaecologist
Location: Uttarakhand

Participating in Fusion's health camp was a fulfilling experience. We addressed different health issues in community people, providing thorough tests and counselling. We're grateful for the opportunity to provide the opportunity to contribute to such an impactful initiative, and commend for their commitment to community health.

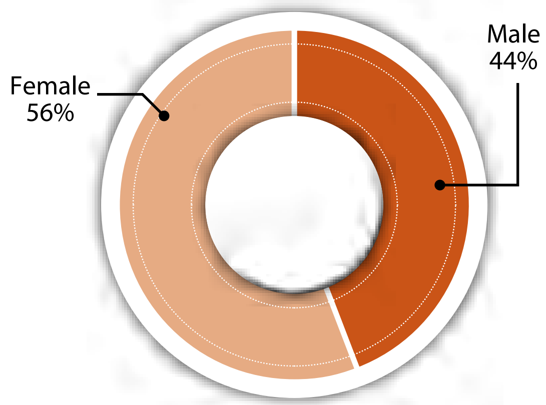
Ojas (An Eye Care Initiative)

In regions where access to eye care facilities remains limited, Fusion's Ojas initiative stands as a beacon of hope for underserved individuals. Initiated with the primary objective of providing essential eye care services, Ojas operates in the states of West Bengal and Uttar Pradesh.

The pressing need for such a program is evident, as vision impairment significantly impacts the quality of life for countless individuals in these regions. Recognizing this need, Fusion launched Ojas to bridge the gap in eye care accessibility. Through concerted efforts, the initiative not only provides essential eye care services but also emphasizes the importance of awareness and preventive measures.

The impact of Ojas on the community has been profound. With cataract surgeries and the distribution of spectacles, the initiative has directly enhanced the lives of beneficiaries. As Fusion continues its journey with Ojas, the initiative stands as a testament to the organization's dedication to making tangible and lasting impacts in the lives of individuals and communities. Through Ojas, Fusion not only restores vision but also fosters a brighter future for those in need.

GENDER - CATARACT SURGERY



Testimonial

Name: Ukil Kisku
Location: West Bengal

My name is Ukil Kisku, a 60-year-old transportation worker from Raina Milkidanga. Deteriorating vision made my job and daily life challenging, and I couldn't afford treatment. During a survey by Fusion's Community Health Volunteers, a cataract was identified in my right eye. They referred me to Eye Hospital in Jamalpur, where I received immediate, free surgery.

Thanks to Fusion, my vision improved significantly, alleviating my professional struggles. I am deeply grateful for the assistance that helped me regain my sight and livelihood. With renewed vision and determination, I have returned to work with a revitalized spirit. Thank you, Fusion, for giving me a new lease on life.

GARIMA - Menstrual Hygiene Awareness Programme

In societies where, menstrual hygiene remains a taboo subject, Fusion's "GARIMA" program emerges as a beacon of empowerment for women and adolescent girls. This initiative is dedicated to equipping them with essential knowledge and practices regarding menstrual hygiene and safe disposal methods.

The pressing need for such a program is evident, as inadequate menstrual hygiene management can adversely affect the physical health and emotional well-being of women and girls. Recognizing this, "GARIMA" was launched to break the silence surrounding menstruation and empower participants with the necessary skills and information. Through comprehensive training sessions, women and adolescent girls not only gain valuable insights into menstrual hygiene management but also learn about the importance of safe and hygienic practices.

The impact of "GARIMA" on communities has been profound. By promoting open dialogue and education on menstrual health, the program fosters a supportive environment that dismantles stigma and promotes inclusivity. Participants emerge empowered to confidently manage their periods with dignity and pride. As "GARIMA" continues its journey, it stands as a testament to Fusion's commitment to fostering healthier and more informed communities, where women and girls can thrive with dignity and respect.

Testimonial

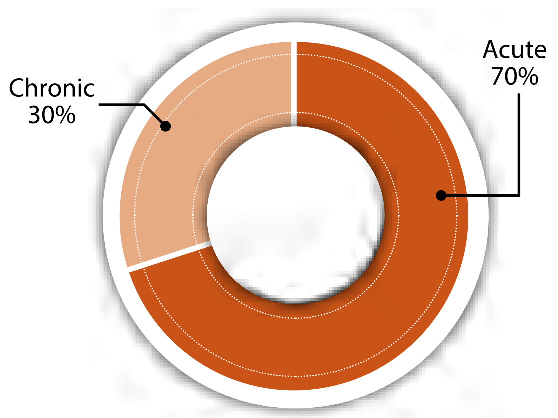
Name: Sarat Saha
Location: Odisha

My name is Sarat Saha, 40 years old, from an OBC background. Before Project Garima, like many women in my village, I faced challenges during menstruation due to limited access to sanitary pads and awareness. With their intervention, a new dawn emerged. MHM awareness sessions and free sanitary pads not only empowered me but also improved my menstrual health. Transitioning from cloth to pads alleviated discomfort, promising a brighter, healthier future for rural women across India.

Mobile Medical Van

Through MMV, the primary objective is to extend healthcare accessibility to rural communities, thereby ensuring that even the most remote areas have access to essential medical services. With a commitment to reaching underserved populations, MMV Fusion has touched the rural lives and continues to make significant strides in bridging the healthcare gap. Central to its mission is the provision of continuous care through follow-up visits, ensuring that individuals receive the ongoing support they need for optimal health outcomes. This involves regular check-ups conducted by dedicated healthcare professionals, including doctors and pharmacists, who offer expertise and guidance to patients. By establishing a framework of sustained care, MMV Fusion not only addresses immediate healthcare needs but also emphasizes preventive measures and long-term wellness strategies. Through these efforts, MMV Fusion contributes to the well-being and vitality of rural communities, empowering individuals to lead healthier and more fulfilling lives.

TYPE OF DISEASE



Acute: Cold and cough, Fever, Breathlessness, Acidity, Constipation, Diarrhea, Others

Chronic: Diabetes, Nutritional Deficiency, Fungal Infection, Hypertension

Testimonial

Name: Baldev Singh,
Location: Muktsar Sahib, Punjab

At 50, every step felt like a struggle, burdened by muscle and knee pain. Government health centers offered little relief, and private medications are costly. Then, I found Fusion's Mobile Medical Unit. Their practitioners listened, understood, and provided the right medications. With their genuine care, my health improved, and the pain subsided, allowing me to move freely again. I continue with their prescribed treatment and have already recommended their services to friends and family. The van is our community's lifeline, delivering healthcare where it's needed most.

Wheelchair Distribution Program:

In a world where mobility is often taken for granted, individuals facing physical challenges encounter numerous barriers to participation and independence. Recognizing this pressing need, Fusion initiated the Wheelchair Distribution Program, aiming to provide the invaluable gift of mobility and independence to those in need. By distributing wheelchairs across various locations, the program seeks to break down societal barriers and foster the active participation of individuals with disabilities.

Through its concerted efforts, the Wheelchair Distribution Program has made a profound impact on the lives of individuals in need. By providing mobility solutions, the program has not only addressed immediate needs but has also catalyzed positive societal change. Beneficiaries have reported newfound independence, increased participation in social activities, and a restored sense of dignity. Fusion remains committed to empowering individuals with physical challenges, ensuring that everyone has the opportunity to live a fulfilling and inclusive life.

73 Beneficiaries	19 Activities	5 States	3 Aspirational Districts

Testimonial

Name: Mansi, daughter of Seema Rani
Location: Pehowa, Haryana

We're deeply grateful to Fusion for providing our 8-year-old daughter, Mansi, with a wheelchair. Polio left her unable to move freely, but since receiving the wheelchair, her mobility has remarkably improved. It's brought immense joy and relief to our family, lifting a burden from our shoulders as parents. The wheelchair restored hope and happiness in our lives. Thank you from the bottom of our hearts.

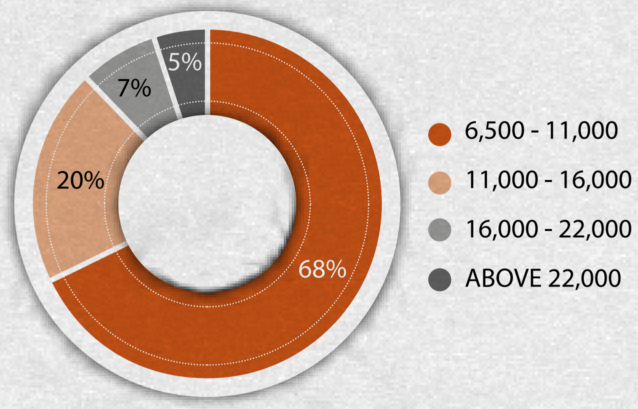
Community Empowerment & livelihood

Beej : The significance of agriculture in India's economic landscape remains paramount, serving as a crucial livelihood activity for both rural agricultural and non-agricultural labourers. Food grain production, occupying approximately 80% of the cropped area, stands out as the predominant agricultural pursuit, acting as the primary source of sustenance for millions. Not only do food grains furnish the rural poor with essential calories and proteins, but they also constitute the primary source of employment and income for many.

Despite its pivotal role, the agricultural sector grapples with multifaceted challenges that reverberate beyond rural landscapes. Farmers, who are the backbone of food production, confront numerous obstacles that impact not only their livelihoods but also the broader society's access to food security. At Fusion, we recognized the urgency of addressing these challenges and initiated various programs aimed at supporting farmers.

Under the thematic area Community empowerment & livelihood program Beej, we provided fertilizers and essential resources for wheat farming to needy farmers in Bijnor (Uttar Pradesh) and Sagar (Madhya Pradesh). Each farmer received 50kg of high-quality fertilizers, urea, and a 5kg mixture of sulphur & zinc to enhance production. Additionally, we trained 40 women in mushroom farming and assisted households in cultivating mushrooms at home. These initiatives resulted in the production of approximately 3,022 kg of mushrooms, generating earnings of around 4.35 lakhs for the participating farmers. To further empower farmers, we organized workshops focusing on sustainable farming practices and the optimal utilization of fertilizers, aiming to enhance agricultural productivity and livelihoods in the region.

INCOME (₹)



Average Earning per farmer was ₹10,884 during Q3 & Q4

Testimonial

Name: Mitirani
Location: Mukarpur Gadai village, Bijnor

I am Mitirani of Mukarpur Gadai village, Bijnor, and I want to say a big thank you. Fusion helped us, and we started growing mushrooms last year, even though we didn't know much about it at first. Fusion's support covered our costs and helped us make money from our mushrooms. We learned a lot and shared mushrooms with our neighbors, which brought us closer together.

Fusion's advice was really helpful. It helped us understand how to grow mushrooms better and earn more money. Now, we're planning to grow even more mushrooms next year, thanks to Fusion's help. We are excited to keep working hard and growing our farm.

Jivika (Livelihood Programmes)

Through CSR program 'JIVIKA aimed at enhancing livelihoods by distributing livestock to communities for enhance income generation. As part of this initiative, 50 female goats were distributed to rural women in Maharajganj, Uttar Pradesh. Fusion aims to not only increase household incomes but also promote self-reliance and entrepreneurship within the community. Through the JIVIKA program, Fusion is committed to fostering sustainable livelihoods and economic empowerment in rural areas.

Testimonial

Name: Rabri
Location: Chahri Rasulpur village, Uttar Pradesh

I am Rabri from Chahri Rasulpur village, Uttar Pradesh. Living with a family of six on a tight budget pushed me to search for extra income opportunities. Thanks to Fusion, receiving a free goat has given me hope for better financial stability. Their continuous support, which includes doctor visits and assistance with goat care, has been incredibly valuable. It's heartening to know that they're extending this help to 49 other women as well. I am truly grateful for Fusion's dedication to supporting us.

Community Infrastructure

Under our CSR program focused on improving community infrastructure, emphasizing safety, hygiene, and educational enrichment, we identified a need to renovate an Anganwadi Centre to provide a better learning environment. Key improvements included installing a 500-liter water tank for clean drinking water, reconstructing toilets to enhance hygiene, and creating vibrant wall paintings to make the space more engaging. Additionally, we provided school bags with essential learning materials. These efforts have significantly improved the center, promoted health and educational well-being, and reflected our commitment to community development.

- **500+** Beneficiaries
- **2** Activities
- **2** States

Testimonial

Name: Akhilesh Chaturvedi, CDPO
Location: Bhopal

I extend my heartfelt appreciation to Fusion for renovating Anganwadi Centre no. 750 in Bhopal. Their initiative has created a vibrant and conducive space for almost 100 children and caregivers, fostering early childhood development. Thank you, Fusion, for your dedication to improving lives. Your efforts have made a significant impact and will benefit generations to come.

Environment Sustainability & Livelihood

In today's world, where our lifestyles often contribute to environmental degradation, the importance of environmental protection cannot be overstated. It is crucial to safeguard vital natural resources for the well-being of current and future generations. To address this imperative, we have undertaken several initiatives focused on environmental conservation.

Hariyali (Plantation Drive)

One such initiative involved the plantation of 6,000 saplings across 6 village in Abohar and included schools, Aganwadis, and Panchayat offices, with the objective of enhancing air quality and preserving the local ecosystem.

Through these concerted efforts, we are committed to promoting environmental stewardship and creating a sustainable future for all.

Testimonial

Name: Smt. Sunder Devi
Location: Jhumiyawali Village, Punjab

My name is Smt Sunder Devi (Pradhan- Jhumiyawali Village) Punjab, and I am delighted to express our heartfelt appreciation for the commendable efforts undertaken by Fusion in our village's Jhumiyawali Vikas Khand, located in Abohar District, Fazilka, Punjab. Their initiative of distributing and planting fruit-bearing plants in public areas speaks volumes about their dedication to environmental conservation. This endeavor not only enhances the greenery of our surroundings but also holds the promise of fostering significant biodiversity growth. On behalf of our community, I extend sincere gratitude to Fusion and the Asheerwad India Foundation for their invaluable contributions. Their dedication to social welfare has left a profound impact on our village, inspiring hope and progress. We earnestly hope that they will continue to engage in similar noble endeavors in the future, further enriching the lives of those they touch.

WASH

Water cooler & Water Purifier Installation

Ensuring access to a clean and safe environment, including clean water, sanitation, and hygiene, is a fundamental human right essential for a healthy and prosperous life. As our country strives towards becoming a $5 trillion economy by 2025, inclusive growth and development are imperative, especially for the most underprivileged sections of society. Recognizing this, Fusion has committed itself to addressing the basic Water, Sanitation, and Hygiene (WASH) needs of rural communities across several states.

The Waterwheel Distribution Program is one such initiative aimed at easing the burden on villagers, particularly women, who often travel long distances to fetch water. Fusion has distributed waterwheels to 193 families from 41 villages in Madhya Pradesh, Tamil Nadu, Chhattisgarh, and Bihar, benefiting to community members . These waterwheels have significantly simplified the task of fetching water, allowing beneficiaries to conveniently transport up to 45 liters of water without the need to carry heavy containers, thereby reducing the strain on their health and improving hygiene practices.

Additionally, Fusion has installed water purifiers in government schools and public places, addressing the critical need for clean drinking water. By providing drinking water solutions to 5 government schools covering 1,203 students and teachers, as well as to 12 government schools and 2 police stations serving approximately 2,000 community members, Fusion has helped mitigate the risk of waterborne diseases and improve overall health outcomes. Furthermore, the installation of 17 water coolers in schools, hospitals, and other public places across three states has enhanced access to safe and refreshing drinking water for approximately 3,600 beneficiaries, contributing to a healthier and more hygienic environment for all. Through these initiatives, Fusion continues to play a vital role in promoting environmental sustainability and improving the quality of life for communities in need.

6600+	25	7	5
Beneficiaries	Activities	States	Aspirational Districts

Testimonial

Name: Seema
Location: Rajasthan

My name is Seema. The water wheel provided by Fusion has proven to be incredibly beneficial. Previously, we incurred significant expenses using a tractor to fetch water from a distant source. However, with the water wheel, even our children can effortlessly transport water. This innovative solution has completely resolved our water-related challenges. We extend our heartfelt gratitude to Fusion for providing us with such a valuable asset.

Urja (An initiative towards renewable energy)

Urja, driven by a commitment to sustainable energy solutions, achieved notable milestones in the FY2023-24. Two significant installations of solar solutions stand out: one at Swarn Jyanti Balika Vidhyalya in Chanduali, Uttar Pradesh, and another at the Community Health Centre in Raikia, Odisha. The transition from generator reliance to solar power at Swarn Jyanti Balika Vidhyalya marks a monumental stride towards sustainability, ensuring a dependable electricity supply for educational activities while reducing environmental impact and operational expenses. Similarly, the adoption of solar power at the Raikia Health Centre champions environmental conservation within healthcare operations, enhancing energy efficiency and providing uninterrupted services to vulnerable populations.

Urja's commitment to harnessing renewable energy solutions reflects its vision of a sustainable and resilient future for communities across India. By championing renewable energy initiatives and promoting environmental stewardship, Urja continues to pave the way towards a more sustainable energy landscape. Through its efforts, Urja empowers communities to embrace renewable energy, fostering a culture of sustainability and resilience for generations to come.

Testimonial

Name: Dr Mohan Singh
(Founder- Swarn Jayanti Balika Vidyalaya, Chanduali)
Location: Chanduali

We extend our heartfelt gratitude to Fusion for helping our school. The installation of solar panels at our school premises has been a transformative blessing. Prior to this, we used to use generators which cost a lot and hurt the environment as well. Fusion's solar solution has liberated us from this burden, offering a reliable, cost-effective, and eco-friendly alternative. We are deeply appreciative of Fusion's dedication to making a positive impact for our school.

Relief & Rehabilitation

In times of natural disasters like floods, cyclones, and fires, families often find themselves grappling with the overwhelming aftermath. Fusion's Relief and Rehabilitation program serves as a beacon of hope during these trying times, offering swift and comprehensive assistance to those in need.

With a steadfast commitment to mitigating suffering and fostering resilience, Fusion's program has made a profound impact on communities across regions. By extending a compassionate hand and offering timely aid and support. Beyond just providing relief, Fusion's efforts help in rebuilding shattered communities, instilling a sense of hope and solidarity in the face of adversity.

Through its Relief and Rehabilitation program, Fusion not only aids in the recovery process but also plays a pivotal role in rebuilding communities. By addressing urgent needs and offering support during times of crisis, Fusion contributes to the restoration of normalcy and instills a sense of hope for a brighter future. In doing so, Fusion not only mitigates immediate suffering but also lays the foundation for long-term resilience and solidarity within affected communities.

- **28,000+** Beneficiaries
- **46** Activities
- **11** States
- **7** Aspirational Districts

Testimonial

Name: Parminder Kaur
Location: Punjab

I'm a resident of the Punjab area. We experienced a devastating flood that wiped out everything we had. It was a bleak time for us, facing homelessness and hunger. Fortunately, Fusion came to our aid. Their prompt response and well-organized relief efforts provided us with food materials and other essentials. The assistance were a ray of hope in our darkest hour, giving us the strength to begin rebuild our lives. We're thankful to Fusion for their invaluable support during our time of need.

Corporate Information

CORPORATE DETAILS

Corporate Identification Number	L65100DL1994PLC061287
RBI Registration number	B-14.02857
Registered Office	H-1, C Block, Community Centre, Naraina Vihar, New Delhi - 110028
Corporate Office	Plot No. 86, Institutional Sector 32, Gurugram, Haryana - 122001
Email	deepak.madaan@fusionfin.com
Website	www.fusionfin.com
Contact No	0124 6910500
ISIN	INE139R01012
LEI Number	335800ZD1C7DSU6FPE65
Listed at	NSE and BSE

OTHER DETAILS

Managing Director and CEO
Mr. Devesh Sachdev

Non-Executive and Independent Directors
Ms. Namrata Kaul
Mr. Pankaj Vaish
Ms. Ratna Dharashree Vishwanathan

Nominee Directors
Mr. Kenneth Dan Vander Weele
Mr. Narendra Ostawal

Key Managerial Personnels

Chief Executive Officer
Mr. Devesh Sachdev

Chief Financial Officer
Mr. Gaurav Maheshwari

Company Secretary & Chief Compliance Officer
Mr. Deepak Madaan

Statutory Auditors
M/s. Deloitte Haskins & Sells
7th Floor, Building 10, Tower B,
DLF Cyber City Complex, DLF Phase II,
Gurugram, Haryana - 122002
Tel.: +91 124 6792000

Secretarial Auditor
M/s. Harish Popli & Associates
House no. 436/1, Gher Araina, Panipat - 132103
Email ID: service@harishpopliandassociates.com

Registrar and Share Transfer Agent
Link Intime India Private Limited
Noble Heights, 1st Floor, Plot No. NH 2,
LSC, C-1 Block, Near Savitri Market,
Janakpuri, New Delhi-110058
Tel: 011 - 4141 0592/93
Telefax: 011 - 4141 0591
Email: delhi@linkintime.co.in

Debenture Trustee
Catalyst Trusteeship Limited
Windsor, 6th floor, Office No.604,
C.S.T Road, Kalina, Santacruz (East),
Mumbai - 400098
Tel.: 011-43029101
E-mail ID: ComplianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com

Director's Report

Dear members,

The Board of Directors are pleased to present the 30th Annual Report of the Company ("Fusion Finance Limited" or "Fusion") along with the Audited Financial Statements, for the Financial Year ended March 31, 2024.

1. FINANCIAL SUMMARY/STATE OF AFFAIRS

The financial statements of the Company for the year ended March 31, 2024 have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III to the Act, as amended from time to time and applicable guidelines issued by SEBI.

The financial results of the Company for the current financial year ended the March 31, 2024 as compared to the previous financial year ended the March 31, 2023 are as under:

(₹ in crores unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations		
Interest Income	2,091.90	1,600.10
Fees and commission Income	41.67	19.58
Net gain on fair value changes	52.86	25.38
Net gain on derecognition of financial instruments under amortized cost category	130.30	96.86
Total Revenue from operations	**2,316.73**	**1,741.92**
Other Income	95.69	58.05
Total Income	**2,412.42**	**1,799.97**
Expenses		
Finance Costs	790.83	642.78
Impairment on financial instruments	364.86	200.37
Employee benefits expenses	431.22	325.52
Depreciation and amortization	9.01	7.41
Other expenses	153.24	111.91
Total Expenses	**1,749.16**	**1,287.99**
Profit before tax	**663.26**	**511.98**
Tax Expense:		
Current Tax	172.30	110.60
Deferred Tax	(14.33)	14.23
Profit for the year	**505.29**	**387.15**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains/(loss) on defined benefit plans	1.64	0.42
Income tax effect	(0.41)	(0.11)
Total Other Comprehensive Income for the year	1.23	0.31
Total Comprehensive Income for the year	**506.52**	**387.46**

During the current financial year, the Total Income from operations grew by 33.00% to ₹2,316.73 crore which is mainly due to an increase in the Asset Under Management ('AUM') of the Company and the Profit before tax grew by 29.55% to ₹663.26 crore The improvement in the financial performance of the company is on account of business growth recorded during the year.

2. OPERATIONAL PERFORMANCE

Operational performance of the Company for the current financial year ended the March 31, 2024 as compared to the previous financial year ended the March 31, 2023 is summarized below:

Particulars	FY March 31, 2024	FY March 31, 2023	Increase %
Number of Branches	1,297	1,086	19.43%
Number of Members	38,61,892	35,28,107	9.46%
Number of Employees	13,807	10,363	33.23%
Number of States (including UTs)	22	20	10.00%
Amount Disbursed (₹ In Crore)	10,294	8,596	19.76%
Gross Loan Portfolio (₹ In Crore)	11,476	9,296	23.45%

The Company attained business performance by reaching out to 38,61,892 active loan Borrowers as on March 31, 2024, which has grown from 35,28,107 as on March 31, 2023. The growth in active loan borrowers during the year was 9.46%.

The above was possible with excellent efforts of 13,807 employees of the Company as on March 31, 2024, which was 10,363 as on March 31, 2023, through 1297 Branches, across 22 states and 453 districts in India. During the year under review, the Company opened 211 new branches.

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

3. CASH FLOW STATEMENT

The Cash Flow Statement for the year ended on March 31, 2024 prepared under the provisions of the Companies Act, 2013 is attached as a part of the Financial Statements of the Company.

4. ANNUAL RETURN

Pursuant to sub-section (3)(a) of Section 134 and sub-section (3) of Section 92 of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of the Annual Return as at March 31, 2024 is available on the website of the company at www.fusionfin.com.

5. DEPOSITS

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

6. TRANSFER TO RESERVES

During the FY2023-24 the Company has transferred ₹101.06 Crore to the statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

7. DIVIDEND

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

The Dividend Distribution Policy, in terms of Regulation 43A of the Listing Regulations is available on the website of the Company at https://fusionfin.com/wp-content/uploads/2023/07/Dividend-distribution-policy1.pdf

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

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

9. SCALE BASED REGULATIONS

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

10. NUMBER OF MEETINGS OF THE BOARD

During the FY 2023-24, the Board met 4 (Four) times and details related to the board meetings of the Company are mentioned in the Corporate Governance Report annexed as **"ANNEXURE -1"**, which forms part of this report. The intervening gap between the Board Meetings was within the period prescribed under the Act and SEBI Listing Regulations.

11. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business during the financial year ended March 31, 2024 .

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

a. **Changes in Directors and KMPs during the FY 2023 -24**

During the financial year, the shareholders via postal ballot dated July 08, 2023 has approved the change the terms of appointment of Mr. Kenneth Dan Vander Weele (DIN: 02545813) and Mr. Narendra Ostawal (DIN: 06530414), nominee directors of the company, thereby, making their office liable to retire by rotation.

Further, Ms. Ratna Dharashree Vishwanathan (DIN: 07278291) was re-appointment as an Independent Director w.e.f. May 24, 2023 for a second term, for three consecutive years, which was approved by the shareholders in the Extra Ordinary General meeting of the Company held on February 16, 2023.

In addition, the shareholders in the Annual General Meeting of the Company held on September 29, 2023 approved the re-appointment of Mr. Kenneth Dan Vander Weele, retiring by rotation, as the Director of the Company.

Further, Mr. Deepak Madaan, Company Secretary of the company was redesignated as Company Secretary and Chief Compliance Officer by the board of directors in their meeting held on August 02, 2023.

b. **Reappointment of Managing Director**

The shareholders via postal ballot dated July 08, 2023 had re-appointed Mr Devesh Sachdev as Managing Director of the Company for the period of 5 (five) consecutive years commencing from December 05, 2023 to December 04, 2028.

c. **Woman Director**

In terms of the provisions of Section 149 of the Companies Act, 2013, and Regulation 17(1)(a) of the SEBI Listing Regulations, the Board of Directors of top 1000 listed entities shall have at least one independent women director. Accordingly, the Company has Ms. Namrata Kaul (DIN: 00994532) and Ms. Ratna Dharashree Vishwanathan (DIN: 07278291) as Independent Woman Directors on the Board.

d. **Director retiring by rotation**

Mr. Narendra Ostawal (DIN: 06530414) shall retire by rotation in terms of provisions of the Companies Act, 2013 at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. The Board recommends his reappointment. As stipulated under Reg 36(3) of the SEBI (LODR) Regulations 2015, a brief resume of Mr. Narendra Ostawal proposed to be reappointed is given in notice of the 30th AGM of the Company.

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

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

13. DECLARATION OF INDEPENDENCE

The Company has received necessary declarations from each Independent Director as per the provisions of Section 149(7) of the Act read with Regulation 25(8) of SEBI Listing Regulations, that they meet the criteria of Independence as laid down in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

There has been no change in the circumstances affecting their status as Independent Directors of the Company or to qualify under the Act and the relevant regulations.

In the opinion of the Board all the Independent Directors are person of integrity and possess requisite qualification/ skill/ expertise required for their roles and they are independent of the Management.

14. CREDIT RATING

CRISIL has assigned rating A+, outlook stable for Long Term Bank Facilities (amounting to ₹8000 crore). CARE Rating Limited has also assigned rating of A+, outlook stable for Long Term Bank Facilities (amounting ₹1500 crore) and for Non-Convertible Debentures. ICRA assigned rating of A+, outlook stable on Non-Convertible Debentures including subordinate debt.

CARE Advisory Research and Training Ltd has assigned grading of "MFI 1".

15. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 27.53% as on March 31, 2024, as against the minimum capital adequacy requirements of 15% by Reserve Bank of India ("RBI").

16. FAIR PRACTICE CODE

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

17. CUSTOMER GRIEVANCES

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

18. RESOURCE MOBILIZATION

a) **Term Loan / Sub debt /Refinance**
During FY2023-24 , the Company diversified its sources of funds and raised a sum of ₹7,173.19 Crore (Inclusive of Term Loan of ₹7,023.19 Crore, and Refinance term loan of ₹150.00 Crore).

b) **Secured / Unsecured Non-convertible debentures**
During FY2023-24, the Company has not raised funds from unsecured Non-Convertible Debentures and secured Non-Convertible Debentures.

c) **Direct Assignment**
During FY2023-24, the Company has raised ₹1640.53 Crore through Direct Assignment.

19. SHARE CAPITAL

The Authorized Share Capital of the Company as March 31, 2024, stood at ₹1,05,00,00,000 (Rupees One Hundred and Five Crore only) consisting of 10,50,00,000 (Ten Crore and Fifty Lacs only) Equity Shares of ₹10 (Rupees Ten only) each.

The Issued and Paid-up Share Capital of the Company as on March 31, 2024, stood at ₹1,01,02,38,850 (Rupees One Hundred and One Crore Two Lakh Thirty-Eight Thousand Eight Hundred Fifty only) consisting of 10,10,23,885 (Ten Crore Ten Lakh Twenty-Three Thousand Eight Hundred and Eighty Five only) Equity Shares ₹10 (Rupees Ten only) each.

There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. Further, the Company has not bought back any of its securities during the year under review.

During the year, 3,93,150 equity shares were issued and allotted to Fusion Employee Benefit Trust towards ESOP, which is included in the above said Paid-Up Equity Share Capital.

20. NON CONVERTIBLE DEBENTURES

During FY2023-24, the Company has not raised any funds by the way of issuance of secured and unsecured Non-Convertible Debentures. Further, all the listed NCDs of the Company have been redeemed as on March 31, 2024. The fully redeemed NCDs during the year amounts to ₹437.79 Crores. The outstanding NCDs including subordinated liabilities in form of NCDs as on March 31, 2024 stood at ₹254.98 Crores.

21. COMMITTEES DETAILS

As on March 31, 2024 , the Company has 10 committees which govern and oversee different areas of the Company's operations ensuring regular guidance and monitoring.

Further, the details pertaining to various Committees and the respective meetings are provided in Corporate Governance Report attached as **"ANNEXURE 1"**.

22. RELATED PARTY TRANSACTIONS

During the FY2023-24, there were no material related party transactions entered by the Company that were required to disclosed in form AOC-2. The details of the related party transactions are provided in the notes to the Financial Statements.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company i.e. www.fusionfin.com.

23. AUDITOR'S AND AUDITORS' REPORT

STATUTORY AUDITOR

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

The Auditors' Reports for the Financial Year 2023-2024 is self-explanatory and does not carry any observation/ qualification/ adverse remarks etc. or infirmity in the Company's affairs. The notes to Financial Statement referred to in the Auditors' report are self explanatory and do not call for any further comments.

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

SECRETARIAL AUDITOR

As required under Section 204 of the Act and the Rules made thereunder, M/s. Harish Popli & Associates was appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2024.

The Secretarial Audit Report for Financial Year ended on March 31, 2024 does not contain any qualification, reservation, adverse remark or disclaimer, except as contained therein, and form the part of Board Report as **"Annexure – 2".** The same is self-explanatory in nature.

24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, in terms of the provisions of Section 186(1) of the Act, the Company did not make any investment through more than two layers of investment companies.

Since, the Company is Non-Banking Financial Company, the disclosures regarding particulars of the loan or guarantee given and security provided is exempt under the provisions of Section 186(11) of the Act read with rules made thereunder, as amended. Further, the details of investments made by the Company are given in the Notes to the Financial Statements.

25. NOMINATION AND REMUNERATION POLICY

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

The NRC Policy formulates the criteria for determining qualifications, competencies, positive attributes, and independence for the appointment of a director (executive/ non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel (KMPs) and senior management personnel.

The NRC Policy of the Company is available on our website at www.fusionfin.com.

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

Change of name of the Company from "**FUSION MICRO FINANCE LIMITED**" to "**FUSION FINANCE LIMITED**".

With the expanding needs of its customers, the company plans to provide a more diverse range of financial products to the existing and adjacent clientele. The inclusion of the word 'Microfinance' in the company's name presented a restrictive view of the proposed product offerings and inhibit the company from acquiring new customers in other segments. Therefore, it was believed that removing 'Micro' from the company's name will not impact the current customer segment or impact the core business. Therefore, the board of directors in their meeting held on November 06, 2023 approved the change in the name of the company from 'Fusion Micro Finance Limited' to 'Fusion Finance Limited' which was further approved by the shareholders via Postal Ballot resolution dated June 09, 2024. Notably, there was no change in the main objects of the company pursuant to the change in the name of the company.

Accordingly, the name of the Company has been changed from **"FUSION MICRO FINANCE LIMITED"** to **"FUSION FINANCE LIMITED"** w.e.f. July 09, 2024 and a fresh "Certificate of Incorporation" issued by Registrar of Companies (ROC - NCT of Delhi and Haryana), has been received by the Company.

No other material changes and commitments have occurred after the closure of the FY 2023-24 till the date of this Report, which would affect the financial position of the Company.

27. AMENDMENT IN THE ARTICLES OF ASSOCIATION (AOA)

During the Financial Year ended March 31, 2024, the Company's Articles of Association (AOA) was amended two times with the consent of the Board as well as the members of the company, by adopting the amended and restated Articles of Association pursuant to special resolution passed by the members via Postal ballot resolution dated July 08, 2023 and in the Annual General Meeting of the company held on September 29, 2023.

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

a. Information Relating to Conservation of Energy, Technology Absorption

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

b. Foreign Exchange Earnings and Outgo

There have not been any foreign exchange inflow while outgo during the year under review is ₹6.54 crores towards Interest Payment on ECB & other operating expenses.

29. RISK MANAGEMENT

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

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

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the BRMC is responsible for reviewing the enterprise risk management plan, ensuring its effectiveness, and verifying adherence to various risk parameters. The Company's Enterprise Risk Management strategy is based on clear understanding of various risks, disciplined Enterprise risk assessment and continuous monitoring. The BRMC reviews various risks with which the organization is exposed including Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis Report attached as **"ANNEXURE 3".**

30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Policy is available on the website of the company at www.fusionfin.com.

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

The Annual Report on the CSR activities for the FY 2023 -24 containing salient features of CSR Policy and other relevant details is attached as **"ANNEXURE 4"** to this Report.

31. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

A detailed Business Responsibility & Sustainability Report (BRSR) has been prepared and is made available on the website of the company at https://fusionfin.com/wp-content/uploads/2024/09/FFL-BRSR-2023-24.pdf.

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

In compliance with the Companies Act, 2013, and SEBI Listing Regulations, 2015, the Company has a structured assessment process for evaluation of performance of the Board, its Committees and individual performance of each Director including the Chairperson. The evaluations are carried out in a confidential manner and the Directors provide their feedback by categorising them in Good, Average, and Below Average categories.

The Independent Directors at their separate meeting reviewed the performance of Non-Independent Directors and the Board as a whole. The Chairman of the Company after taking into account the views of other Non Executive Directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The overall performance evaluation exercise was completed to the satisfaction of the Board. The outcome of the evaluation was presented to the Board of Directors of the Company.

33. VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

The Company has formulated a codified Vigil Mechanism System/Whistle-Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, 2015, in order to encourage Directors and Employees of the Company to escalate to the level of the Audit Committee any issue or concerns impacting and compromising with the interest of the Company and its stakeholders in any way. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith.

The Procedure for raising concern and the said Policy is available on the Company's website at www.fusionfin.com.

34. AUDIT COMMITTEE

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

35. CODE OF CONDUCT FOR INSIDER TRADING

The Company has duly formulated and adopted the Code of Conduct for Prohibition of Insider Trading in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of this Code is to prescribe the procedure for trading in securities of the Company and the disclosures to be made by the designated persons covered under the Insider Trading Policy with respect to their shareholding in the Company, both direct and indirect. The Code of Conduct for Prohibition of Insider Trading is available on the website of the Company at www.fusionfin.com.

36. RBI OMBUDSMAN

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

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

37. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

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

During the FY2023-24, there are no such orders passed by the regulators/courts/ tribunals impacting the going concern status and the Company's operations in future.

39. INTERNAL FINANCIAL CONTROLS

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle blower mechanism. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. During the year, controls were tested and no reportable material weakness in design and effectiveness was observed.

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

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

40. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

Further, the Company has the Internal Complaint Committee in place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to address the sexual harassment cases. However, during the financial year ended 31st March 2024, the Company has received two complaints on sexual harassment, the said complaints were investigated and resolved as per the provisions of the POSH and as on 31st March 2024, no complaint was pending for investigation and resolution.

41. CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders and the community at large. Sound governance practices and responsible corporate behavior contribute to superior long-term performance of organisations. Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards.

The Company's corporate governance framework ensures that it is aligned to good corporate governance philosophy and that timely disclosures are made and accurate information regarding the financials and performance is shared, as well as the leadership and governance of the Company. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders. The Certificate from M/s Harish Popli & Associates, Practicing Company Secretary, confirming the compliance of Corporate Governance norms is attached thereto.

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

42. MANAGERIAL REMUNERATION

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

43. DIRECTORS' RESPONSIBILITY STATEMENT

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

a. In the preparation of the annual financial statements for the Financial Year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profits of the Company for year ended on that date;

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. The Directors had prepared the annual accounts on a going concern basis;

e. The directors had laid down internal financial controls to be followed by the company, and that such internal financial controls are adequate and were operating effectively.

f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

44. EMPLOYEES STOCK OPTION SCHEME

The Company has two (2) stock option plans namely Fusion Employee Stock Option Plan 2016 ("ESOP 2016") and Fusion Employee Stock Option Plan 2023 ("ESOP 2023") and they are in compliance with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021, as amended from time to time (the 'SBEB Regulation').

Further, there is no other material change in the ESOP schemes of the Company. The Company has not provided any financial assistance to its employees for purchase or subscription of shares in the Company or in its holding company and the Company has not issued any sweat Equity Shares or Equity Shares with differential rights during the year.

45. RBI GUIDELINES

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

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

No such agreements as specified under clause 5A to para A of part A of schedule II, are required to be disclosed in accordance with Regulation 30A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in the FY 2023-24.

47. LISTING

All the NCDs listed on the BSE Limited ("BSE") have been delisted during the Financial Year ended March 31, 2024, accordingly, there are no listed NCDs as on March 31, 2024. Further, the equity shares of the Company are also listed on BSE & National Stock Exchange of India Limited ("NSE"). The listing fees to BSE & NSE for the financial year 2024-25 has been duly paid.

48. MAINTENANCE OF COST RECORDS

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

49. SECRETARIAL STANDARDS

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

50. INSOLVENCY PROCEEDINGS

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

51. ONE-TIME SETTLEMENTS

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

52. EQUITY SHARES IN THE DEMAT SUSPENSE ACCOUNT

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports that as on March 31, 2024, there are no equity shares lying in the demat suspense account which were issued in dematerialized form pursuant to the public issue of the Company.

53. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable Laws and Regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions, changes in Government Regulations, Tax Laws, Economic Developments within the country and other factors such as litigation and industrial relations.

54. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Sd/-	Sd/-
Devesh Sachdev	Ratna Dharashree Vishwanathan
(MD & CEO)	(Director)
DIN: 02547111	DIN: 07278291

Place: Gurugram
Dated: August 06, 2024

ANNEXURE - 1

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and the RBI Regulations applicable on the Non–Banking Financial Companies (the 'NBFC Regulations'). The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Conduct for the Board of Directors and the Senior Management of the Company.

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

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

BOARD OF DIRECTORS

As of March 31, 2024, the Board of Directors comprises of 6 (Six) Directors, including 1 (one) Executive Non Independent CEO & Managing Director, 3 (Three) Non-Executive & Independent Directors, 2 (Two) Non-Executive & Nominee Directors. The composition of Board of Directors represents optimal mix of Executive and Non-Executive Directors in conformity with Regulations 17 of the Listing Regulations with unwavering professionalism, qualification, knowledge, skill sets, track record, integrity, expertise and diversity of experience as required in the micro-finance industry.

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

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

The Board composition as on March 31, 2024 is as follow:

Name of Director and Director identification number	Category of Directors	Designation	Attendance of the last AGM held on 29 September, 2023	*No of other Companies in which he/she is Director	**No. of Audit/Stakeholders committee in which Director is		Particulars of other Equity Listed Entity / Directorship
					Member	Chairman /Chairperson	
Mr.Devesh Sachdev DIN: 02547111	Promoter and Executive	Managing Director & CEO	Yes	-	1	-	Nil
Ms.Ratna Dharashree Vishwanathan DIN: 07278291	Non-Executive	Independent Director	Yes	3	4	3	1. **Moneyboxx Finance Limited**– Independent Director 2. **Dilip Buildcon Limited**– Independent Director

Name of Director and Director identification number	Category of Directors	Designation	Attendance of the last AGM held on 29 September, 2023	*No of other Companies in which he/she is Director	**No. of Audit/Stakeholders committee in which Director is		Particulars of other Equity Listed Entity / Directorship
					Member	Chairman /Chairperson	
Ms. Namrata Kaul DIN: 00994532	Non-Executive	Independent Director	Yes	4	7	4	1. **Havells India Limited** – Independent Director 2. **Schneider Electric Infrastructure Limited** – Independent Director
Mr. Pankaj Vaish DIN: 00367424	Non-Executive	Independent Director	Yes	2	5	-	1. **360 One Wam Limited** – Independent Director 2. **Xchanging Solutions Limited**- Independent Director
Mr.Kenneth Dan Vander Weele DIN: 02545813	Non-Executive	Nominee Director on behalf of Creation Investments	No	-	-	-	Nil
Mr. Narendra Ostawal DIN: 06530414	Non- Executive	Nominee Director on behalf of Honey Rose Investment Ltd	No	4	5	-	1. **Computer Age Management Service Limited** – Nominee Director 2. **Home First Finance Company India Limited** - Nominee Director

*Excluding Directorship in Fusion Finance Limited, Private Limited Companies, Foreign Companies, Section 8 Companies.

**The membership/chairmanship of Audit Committee & Stakeholders Relationship Committee in all public limited companies, whether listed or not including Fusion Finance Limited, but excluding any Private Limited Companies, Foreign Companies, high value debt listed entities, and Section 8 Companies.

FIT AND PROPER CRITERIA

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

INTER-SE RELATIONSHIP AMONG DIRECTORS AND NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS.

There are no inter-se relationships between the Board of Directors of the Company and none of the Non-Executive Directors holds any equity shares or convertible instruments of the Company, except Ms. Namrata Kaul (DIN: 00994532) who holds 3000 equity shares as joint holder, during the financial year ended March 31, 2024.

Further, Mr. Devesh Sachdev, Managing Director & Chief Executive Officer (DIN: 02547111) holds 49,41,314 equity shares as on March 31, 2024 as against 49,02,414 equity shares as on March 31, 2023.

KEY QUALIFICATION, EXPERTISE AND ATTRIBUTES OF BOARD

The Executive, Non-Executive and Independent Directors are eminent professionals, drawn from amongst persons with expertise in business, finance, law, marketing and other key functional areas and play a critical role in enhancing balance to the Board processes besides providing the Board with valuable inputs. The Board represents an optimal mix of professionalism, knowledge and experience.

The skills/ expertise / competence of Board of directors identified by the Board as required in the context of business of the Company are given below:

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

DECLARATION BY INDEPENDENT DIRECTORS

During the year under review, all Independent Directors have confirmed and submitted declaration to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 ("Act") read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Rule 8 of the Companies (Accounts) Rules, 2014 & 25(8) of the Listing Regulations and there is no change in the status of their Independence and have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties and the same was taken on records after undertaking due assessment of the veracity.

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

DIRECTORS AND OFFICERS LIABILITY INSURANCE ('D&O POLICY')

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

BOARD & ITS COMMITTEE MEETINGS:

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

During the Financial Year 2023-24, the board met 4 (Four) times i.e. on, May 22, 2023, August 02, 2023, November 06, 2023 and February 05, 2024 . The intervening gap between the two board meetings were in compliance with the provisions of the Act.

The Composition and attendance is as follows:

Name of the Director	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Mr. Devesh Sachdev	Managing Director & CEO	4	4
Ms. Ratna Dharashree Vishwanathan	Independent Director	4	4
Ms. Namrata Kaul	Independent Director	4	4
Mr. Pankaj Vaish	Independent Director	4	4
Mr. Kenneth Dan Vander Weele	Nominee Director	4	3
Mr. Narendra Ostawal	Nominee Director	4	4

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

Ms. Ratna Dharashree Vishwanathan (DIN: 07278291) was re-appointment as an Independent Director w.e.f. May 24, 2023 for a second term, for three consecutive years.

FAMILIARIZATION PROGRAMME :

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

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

COMMITTEES OF BOARD:

The Company, as on March 31, 2024 had Ten committees: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Board Risk Management Committee, Working Committee, Debenture Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee & IPO Committee in order to comply with the statutory guidelines and for the purpose of operational feasibility so as to assist the Board in discharging its duties and responsibilities.

The Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees were placed before the Board for information or approval. Throughout the financial year, the Board has accepted the recommendations of the Committees in instances where such recommendations are required by mandate. There have been no occurrences where any recommendations have been overlooked.

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

1. AUDIT COMMITTEE

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

The Composition of the Audit Committee is in terms of Listing Regulations and Companies Act 2013, wherein, two-thirds of the members of audit committee are Independent Directors and all the members of the Audit Committee are financially literate and have accounting and financial management expertise.

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

Composition and Attendance:

During the financial year ended March 31, 2024 , the Committee met 4 times, i.e. on May 22, 2023, August 02, 2023, November 06, 2023, and February 05, 2024.

The composition & attendance are as follows -

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	4	4
Mr. Narendra Ostawal (Member)	Nominee Director	4	4
Mr. Pankaj Vaish (Member)	Independent Director	4	4

Terms of Reference:

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

The role of the Audit Committee includes the following:

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

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

1. management discussion and analysis of financial condition and results of operations;
2. management letters / letters of internal control weaknesses issued by the statutory auditors;
3. internal audit reports relating to internal control weaknesses; and
4. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
5. **statement of deviations:**
   - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and
   - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

The powers of the Audit Committee include the following:

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

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

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

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition and Attendance:

During the financial year ended March 31, 2024, the Committee met 4 times, i.e. on May 22, 2023, August 02, 2023, November 06, 2023, and February 05, 2024.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	4	4
Mr. Devesh Sachdev (Member)	Managing Director & CEO	4	4
Mr. Pankaj Vaish (Member)	Independent Director	4	4

Terms of Reference:

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

(a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;

(b) To review and recommend the amount of expenditure to be incurred on the activities referred to in (a);

(c) To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time;

(d) To do such other acts, deeds and things as may be required to comply with the applicable laws; and;

(e) To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

3. NOMINATION & REMUNERATION COMMITTEE

Composition and Attendance:

During the financial year ended March 31, 2024, the Committee met 4 times, i.e. on, May 22, 2023, August 02, 2023, November 06, 2023, and February 05, 2024.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	4	4
Ms. Namrata Kaul (Member)	Independent Director	4	4
Mr. Naren-dra Ostawal (Member)	Nominee Director	4	4

Terms of Reference:

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

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

   For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
   a. use the services of an external agency, if required;
   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
   c. consider the time commitments of the candidates.
3. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
4. Devising a policy on diversity of Board of Directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
6. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Recommending to the board, all remuneration, in whatever form, payable to senior management;
8. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;
9. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
   a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
   b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;
10. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended, including the following:
    - Formulating detailed terms and conditions of the plan in accordance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 in term of which includes the provision as specified by the Board in this regard; and
    - Administration and superintendence of the aforesaid plan.
11. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;
12. carrying out any other function as is mentioned in the terms of reference of the Nomination and Remuneration Committee in term of the applicable laws;
13. Performing such other functions as may be necessary or appropriate for the performance of its duties; and
14. To ensure 'fit and proper' status of proposed/ existing Directors.

Performance Evaluation by the Board:

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

The Directors carry out the aforesaid Performance Evaluation in a confidential manner and provide their feedback on the basis of good, average, below average categories. Duly completed formats were sent to the Chairman of the Board and the Chairman / Chairperson of the respective Committees of the Board for their consideration. The Performance Evaluation feedback of the Chairman was sent to the Chairperson of the Nomination and Remuneration Committee.

The outcome of such Performance Evaluation exercise was discussed during the year at a separate Meeting of the Independent Directors held on February 05, 2024, and subsequently at the Nomination and Remuneration Committee Meeting held on February 05, 2024. The Nomination and Remuneration Committee forwarded their recommendation based on such Performance Evaluation Process to the Board.

After completion of internal evaluation process, the Board at its meeting held on May 06, 2024, also carried out the Performance Evaluation of the Board, its committees and individual Directors. The Performance Evaluation of the Independent Directors of the Company was done by the Board, excluding the Independent Directors being evaluated.

4. ASSET LIABILITY MANAGEMENT COMMITTEE

Composition and Attendance:

The Company has an effective Asset Liability Management Committee formed in accordance with the directions framed by RBI. During the financial year ended March 31, 2024, the Committee met 4 times, i.e. on May 22, 2023, August 02, 2023, November 06, 2023, and February 05, 2024.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Mr. Devesh Sachdev (Chairman)	Managing Director & CEO	4	4
Mr. Gaurav Maheshwari (Member)	Chief Financial Officer	4	4

Terms of Reference:

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

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

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

5. BOARD RISK MANAGEMENT COMMITTEE (BRMC)

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

Composition and Attendance:

During the financial year ended March 31, 2024, the Committee met 4 times, i.e. on May 22, 2023, August 02, 2023, November 06, 2023, and February 05, 2024. The intervening gap between the two BRMC meetings is in compliance with the provision of Regulation 21 of the SEBI Listing Regulations.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	4	4
Mr. Pankaj Vaish (Member)	Independent Director	4	4
Mr. Devesh Sachdev (Member)	Managing Director & CEO	4	4
Mr. Narendra Ostawal (Member)	Nominee Director	4	4
Mr. Sanjay Choudhary (Member)	Chief Risk Officer	4	4

Terms of Reference:

The term of reference of the BMRC is given hereunder:

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

6. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

During the financial year ended March 31, 2024, the Committee met 2 times, i.e. on May 22, 2023, and November 06, 2023.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Mr.Pankaj Vaish (Chairman)	Independent Director	2	2
Ms. Namrata Kaul (Member)	Independent Director	2	2
Mr. Devesh Sachdev (Member)	Managing Director & CEO	2	2
*Mr. Naveen Mangle (Member)	Chief Technology Officer	1	1
*Mr. Sanjay Mahajan (Member)	Chief Information Officer	1	1

*Mr. Naveen Mangle resigned from the committee and Mr. Sanjay Mahajan was appointed as a member of the committee w.e.f. May 22, 2023.

Terms of Reference:

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

7. STAKEHOLDER RELATIONSHIP COMMITTEE

During the Financial Year 2023 -24, the Committee met once on February 05, 2024 and all the members attended the meeting.

Composition and Attendance:

During the financial year ended March 31, 2024, the Committee met once on February 05, 2024.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2024	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	1	1
Mr. Devesh Sachdev (Member)	Managing Director & CEO	1	1
Ms. Namrata Kaul (Member)	Independent Director	1	1

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

The status of shareholders' complaints during Financial Year 2023-24, is mentioned below:

Complaints received during the year (in Nos.)	Complaints resolved during the year (in Nos.)	Complaints pending at the end of the year (in Nos.)
08	08	Nil

Further, all the complaints received during the FY 2023-24 were resolved to the satisfaction of shareholders.

The term of reference of the Committee is hereunder :

1. Considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
2. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc;
3. Review of measures taken for effective exercise of voting rights by shareholders;

4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
6. Carrying out any other function as is mentioned in the terms of reference of the Stakeholders Relationship Committee in term of the applicable laws.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the Financial Year 2023 -24, the Independent Directors of the company, met on February 05, 2024 and all the Independent Directors were present in the meeting. The Independent Directors have evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole during the year and further assessed the quality of Board performance and timeliness of flow of information with the Board.

SENIOR MANAGEMENT PERSONNEL

During the Financial Year 2023 -24 , Mr. Sanjay Mahajan was appointed as Chief Information Officer of the company w.e.f. April 22, 2023. Further, Mr. Deepak Madaan was redesignated as Company Secretary and Chief Compliance Officer of the company by the board of directors in their meeting held on August 02, 2023. Further Mr. Naveen Mangle, Chief Technical Officer, resigned from the company w.e.f. June 02, 2023. Mr. Vikas Jagdish Jajoo was appointed as Head of Internal Audit ("HIA") of the Company w.e.f. May 06, 2024.

Further, Mr. Satish Mani was redesignated as Chief Vigilance Officer ("CVO") and Mr. Sushil Menon was appointed as Chief Information Security Officer ("CISO") of the Company w.e.f. May 6th, 2024.

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

Name	Designation
Mr. Tarun Mehndiratta	Chief Operating Officer, MFI
Mr. Kamal Kumar Kaushik	Chief Operating Officer, MSME
Mr. Ankush Ahluwalia	Chief Business Officer, MFI
Mr. Sanjay Mahajan	Chief Information Officer
Mr. Vikas Jagdish Jajoo	Head of Internal Audit
Mr. Sanjay Choudhary	Chief Risk Officer
Ms. Pooja Mehta	Chief Human Resource Officer
Mr. Deepak Madaan	Company Secretary & Chief Compliance Officer

REMUNERATION OF DIRECTORS

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

a. Executive Directors

Details of the remuneration paid to Executive Directors in the Financial Year 2023-24 and other disclosures are as follows: (in ₹)

Name of Director	Designation	Gross Salary	Bonus*	Perquisites	Others	Total
Mr. Devesh Sachdev	MD & CEO	28,168,455	47,500,000	31,55,234	-	7,88,23,689

*Bonus is pertaining to the FY 2022-23, paid in FY 2023-24.

Mr. Devesh Sachdev, Managing Director and CEO was reappointed by the shareholders of the Company via. postal ballot resolution dated July 08, 2023 for the period of 5 (five) consecutive years commencing from December 05, 2023 to December 04, 2028. The Company may terminate his services after serving 2 months notice or salary in lieu thereof. In any other circumstances, he is not entitled for any severance fees.

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

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

b. Non-Executive Directors

i. Criteria for making payment

The shareholders of the company via postal ballot resolution dated June 09, 2024 approved the payment of remuneration by way of commission up to ₹7.5 Lacs per annum (not exceeding 1% of the net profits of the Company per annum), to each Non-Executive Independent Director of the company, for five consecutive financial years, including the financial year 2023-24, calculated in accordance with the applicable provisions of the Act. Pursuant to this, the remuneration by way of commission to the Non-Executive Independent Directors is decided by the Board of Directors. In addition to commission, the Independent Directors were also paid sitting for attending meetings of the Board and the committees thereof. No sitting fee were paid to the Nominees Directors and the Managing Director.

ii. Details of sitting fees and commission paid during Financial Year 2023 -24

The details of sitting fees and commission paid to Non - Executive Independent Directors for attending the meeting the Board & relevant Committees during the Financial Year 2023-24 are as under:

Name of Director	Designation	Sitting Fees
		Board Meeting & Committee
Ms. Namrata Kaul	Independent Director	₹13,60,000
Ms. Ratna Dharashree Vishwanathan	Independent Director	₹ 10,60,000
Mr. Pankaj Vaish	Independent Director	₹13,00,000
Total		**₹37,20,000**

During the financial year ended March 31, 2024, the independent directors were entitled to receive commission of ₹7,50,000 each which was paid to them during the FY 2024-25. Further Mr. Pankaj Vaish also received reimbursement of travelling expenses amounted to ₹4,38,741 during the financial year ended March 31, 2024.

There were no other pecuniary relationships or transactions of the Non-Executive Directors and Independent Directors vis-à-vis the Company. As on March 31, 2024 none of the director is entitled for Employees Stock Option (ESOPs) of the Company and during the financial year under review no ESOP was granted to any director of the Company.

GENERAL BODY MEETINGS

ANNUAL GENERAL MEETING (AGM)

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

Year	Date	Time	Venue	No. of Special Resolutions passed
2022-23	29.09.2023	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	2
2021-22	05.08.2022	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	3
2020-21	16.06.2021	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	2

POSTAL BALLOT

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

Date of Notice: June 08, 2023

Voting period: June 09, 2023 to July 08, 2023

Item Proposed	Resolution Type	Total votes casted	Invalid and Abstained Votes	Votes in Favour		Votes Against	
				No. of votes	%	No. of votes	%
1. Approved the amendments in Articles of Association (AOA) of the company.	Special	84884665	1	78820785	92.86	6063879	7.14
2. Approved the revision of remuneration to be paid to Mr. Devesh Sachdev, Managing director & CEO for the period w.e.f. April 1, 2023 to December 4, 2023.	Ordinary	84884785	1	84239341	99.24	645443	0.76
3. Approved the re-appointment of Mr. Devesh Sachdev (DIN: 02547111), as Managing Director of the company and fixation of remuneration.	Ordinary	84884785	1	84075358	99.05	809426	0.95
4. Approved the change in the terms of appointment of Mr. Kenneth Dan Vander Weele (DIN: 02545813), Nominee Director, making his office liable to retire by rotation.	Ordinary	84884785	121	79272624	93.39	5612040	6.61
5. Approved the change in the terms of appointment of Mr. Narendra Ostawal (DIN: 06530414), nominee director, making his office liable to retire by rotation.	Ordinary	84884785	121	79251739	93.36	5632925	6.64

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

Details of voting pattern and scrutinizer's report is placed on the website of the company www.fusionfin.com.

Procedure adopted for Postal Ballot

a) The Postal Ballot notice together with explanatory statement, dated June 08 , 2023 was sent only through email, to the members of the company as on Cut-off Date i.e. June 02 , 2023.

b) The Company had engaged the services of Link Intime India Private Limited ('LIIPL' or 'e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting period commenced at 9 a.m. (IST) on Friday, June 09, 2023 and ended at 5 p.m. (IST) on Saturday, July 08, 2023.

c) As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement was also published in Mint: English and Hindustan Delhi: Hindi on June 09, 2023.

d) The remote e-voting was unblocked by the scrutinizer on Saturday, July 08 , 2023 , in the presence of two witnesses who were not in employment of the Company.

e) The Scrutinizer submitted his report dated July 10, 2023, addressed to the Chairman of the Company in the prescribed format. Based on the report, the resolutions set out in the Postal Ballot Notice were passed as special resolution and ordinary resolutions on July 08, 2023.

As on date of this report, no special resolution is proposed to be conducted through postal ballot.

Extra Ordinary General Meetings

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

Year	Date	Time	Location	No. of Special Resolutions Passed
2023-24			Nil	
2022-23	16.02.2023	01:00 P.M.	Video conferencing/ other Audio-visual Means ("VC/OAVM")-Plot No. 86, Institutional Sector 32, Gurugram - 122001	2
2021-22	26.04.2021	11:00 A.M.	Plot No. 86, Institutional Sector 32, Gurugram - 122001	2
	27.07.2021	11:00 A.M.	Plot No. 86, Institutional Sector 32, Gurugram - 122001	4
	18.12.2021	11:00 A.M.	Plot No. 86, Institutional Sector 32, Gurugram - 122001	1

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

DEBENTURE HOLDER DETAILS:

The details regarding the Debenture Holders as on March 31, 2024 are given as under:

Name of NCD Holders	Address	No. of NCD
Vivriti Capital Private Limited	2nd floor, Prestige Polygon 471, Anna Salai, Mount Road, Nandanam, Chennai, Tamil Nadu 600035	250
Blue Orchard (Microfinance Fund)	11-13, Boulevard, de la foire, L-1528, Luxembourg	1450
Tata Capital Financial Services Limited	12th Floor Tower A Peninsula Business Park, Senapati Bapat Marg,Lower Parel, Mumbai- 400013	30
Vivriti Asset Management (Vivriti Short Term Bond Fund)	2nd floor, Prestige Polygon 471, Anna Salai, Mount Road, Nandanam, Chennai, Tamil Nadu 600035	3500
CDC Group PLC	CDC Group PLC, 123 Victoria Street, London – SW1E6DE	600

FULL REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDS) DURING THE FY 2023-24

During the financial year 2023-24 following Non-convertible Debentures were fully redeemed:

S. No	Name of NCD Holders	Date of Allotment	No. of NCDs issued	Amount redeemed (₹)	Date of redemption
1	DCB Bank	10-Jun-2020	100	9.99	12-Jun-23
2	AU Small Finance Bank Limited	19-Jun-2020	300	5.00	19-Jun-23
3	Union Bank of India	13-Nov-2020	200	19.99	30-Jun-23
4	Indian Bank	29-Jul-2020	200	19.96	29-Jul-23
5	Northern Arc Capital Limited Money Market Alpha Fund (UN)	21-Dec-2021	450	19.99	21-Dec-23
6	State Bank of India	31-Jul-2020	250	25.00	21-Apr-23
7	JAPAN ASEAN WOMEN EMPOWERMENT FUND	23-Dec-2020	500	49.99	23-Dec-23
8	BLUEORCHARD MICROFINANCE FUND	18-Mar-2021	500	49.98	18-Mar-24
9	Triodos Fare Share Fund	16-Mar-2018	315	31.50	16-Mar-24
10	Triodos Microfinance Fund	16-Mar-2018	315	31.50	16-Mar-24
11	Northern Arc Capital Ltd	31-Mar-2018	300	29.95	29-Sept-23
12	Karvy Capital LTD				
13	UTI International Wealth Creator (responsAbility)	02-Nov-2020	750	74.97	02-Nov-23
14	UTI International Wealth Creator (responsAbility) (MEF)	10-Mar-2021	700	69.98	07-Mar-24

During the financial year 2023-24 following Non-convertible Debentures were partially redeemed:

S. No	Name of NCD Holders	Date of Allotment	No. of NCD issued	Amount redeemed (₹)
1	CDC Group	30/Mar/21	600	7.75
2	Vivriti Asset Management (Vivriti Short Term Bond Fund)	19/Apr/22	3500	11.64

DEBENTURE TRUSTEES DETAILS:

The Debenture Trustees during the Financial Year ended March 31, 2024 are as follows:

Name	Catalyst Trusteeship Limited
Address	Windsor,6th floor, Office No.604, C.S.T Road, kalina, Santacruz (East) Mumbai 400098
Contact no.	011-43029101
Email ID	ComplianceCTL-Mumbai@ctltrustee.com
Website	www.catalysttrustee.com

MEANS OF COMMUNICATION

A. The quarterly, half-yearly and annual financial results of the Company are published in the national English Newspapers having circulation substantially in whole of India and Hindi Newspapers having wide circulation in the language of the region where the registered office of the company is situated. The same is also available on the website of the company i.e. www.fusionfin.com.

B. During the financial year 2023 -24, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Un -Audited Financial Results for the quarter ended June 30, 2023.	Financial Express (English)	August 03, 2023
	Jansatta (Hindi)	August 03, 2023
Un -Audited Financial Results for the Quarter and Half Year ended September 30, 2023.	Financial Express (English)	November 07, 2023
	Jansatta (Hindi)	November 07, 2023
Un -Audited financial Results for the Quarter and Nine months ended December 31, 2023.	Financial Express (English)	February 06, 2024
	Jansatta (Hindi)	February 06, 2024
Audited Financial Results for the Financial Year ended March 31, 2024.	Financial Express (English)	May 07, 2024
	Jansatta (Hindi)	May 07, 2024

REGULAR UPDATES:

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

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

GENERAL SHAREHOLDER INFORMATION

30th Annual General Meeting:

Date: September 27, 2024

Day: Friday

Time: 11:00 A.M.

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

Financial year: April 1, 2023 to March 31, 2024

Listing on Stock Exchange

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

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

Further all the Non-Convertible Debentures of Fusion Finance Limited have been delisted as on March 31, 2024.

Further, none of the securities of the company are suspended for trading as on March 31, 2024.

Listing Fees: The Company confirms payment of Annual Listing fees of NSE and BSE for Financial year 2024-25.

Dividend payment date: No dividend was declared for the Financial year 2023– 24.

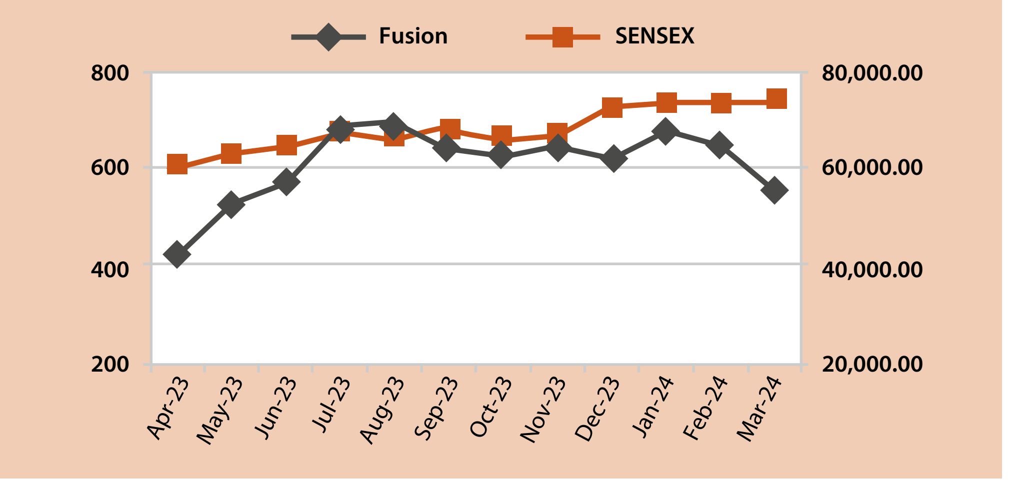
STOCK MARKET PRICE DATA

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

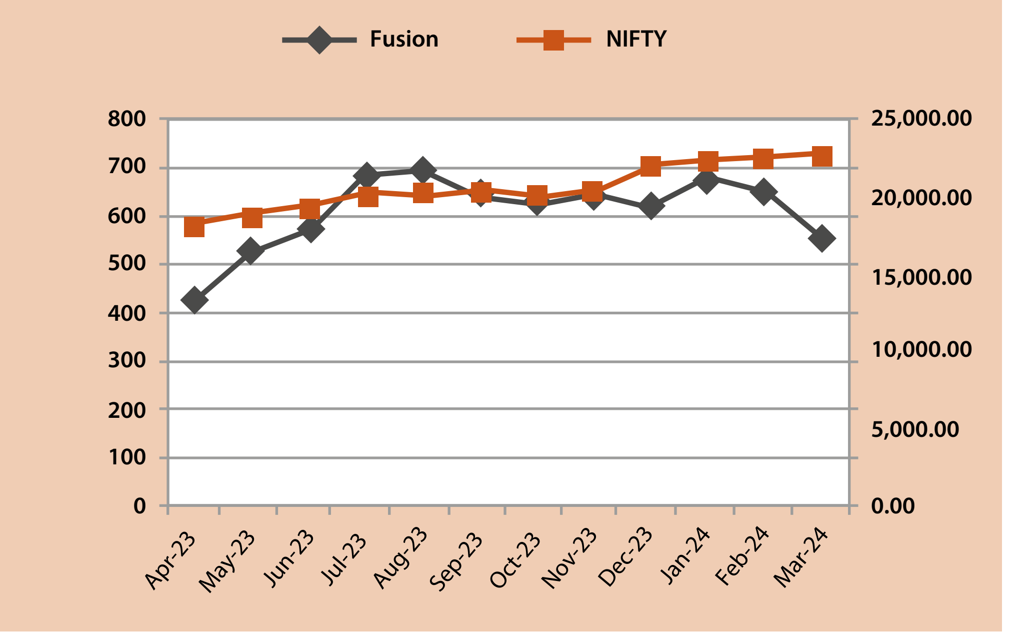
Month	NSE		BSE	
	High	Low	High	Low
April 2023	423.35	395.00	423.15	395.00
May2023	525.00	411.35	524.00	407.20
June 2023	570.90	502.35	565.00	481.05
July 2023	681.95	550.00	681.15	551.45
August 2023	691.00	555.30	690.15	551.25
September 2023	638.00	581.85	638.30	575.05
October 2023	622.65	544.00	627.15	544.55
November 2023	646.80	560.50	648.95	560.50
December 2023	620.00	553.00	620.00	553.00
January 2024	674.85	571.45	674.00	571.85
February 2024	647.70	528.10	646.00	528.50
March 2024	555.00	440.40	555.00	430.10

The source for table above is www.nseindia.com for NSE quotes and www.bseindia.com for BSE quotes.

PERFORMANCE IN COMPARISION TO BSE SENSEX



PERFORMANCE IN COMPARISION TO NIFTY



REGISTRAR AND TRANSFER AGENT

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

Link Intime India Private Limited
Noble Heights, 1st Floor, Plot No. NH 2,
LSC, C-1 Block, Near Savitri Market,
Janakpuri, New Delhi-110058
Tel. No.: 011 - 4141 0592/93
Fax No.: 011 - 4141 0591
E-mail: : delhi@linkintime.co.in
Website: www.linkintime.co.in

SHARE TRANSFER SYSTEM, DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The entire equity shares capital of the Company is held in dematerialised form. The Company's shares are compulsorily traded in dematerialised form and are available for trading with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The shareholders can hold the Company's shares with any depository participant, registered with the depositories.

SHAREHOLDING

A. Distribution of Shareholding

The distribution of shareholding as on March 31, 2024 was as follows:

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1-500	54,689	94.93	30,49,981	3.02
501 – 1,000	14,47	2.51	10,42,530	1.03
1,001 – 2,000	615	1.07	8,90,662	0.88
2,001 – 3,000	252	0.44	6,40,167	0.64
3,001 – 4,000	121	0.21	4,27,047	0.43
4,001 – 5,000	64	0.11	2,95,142	0.29
5,001 – 10,000	177	0.31	12,67,522	1.25
10,001 & above	243	0.42	9,34,10,834	92.46
Total	**57,608**	**100.00**	**10,10,23,885**	**100.00**

B. Shareholding Pattern as on March 31, 2024

S. No.	Category	No. of shares	% of holding
A	**Promoter and Promoter Group**		
	Indian	51,51,814	5.10
	Foreign	5,31,49,130	52.61
	Total (A)	**5,83,00,944**	**57.71**
B	**Public**		
	Institutions (Domestic)	2,35,14,417	23.28
	Institutions (Foreign)	60,30,627	5.97
	Non-institutions	1,27,74,017	12.64
	Total (B)	**4,23,19,061**	**41.89**
C	**Non Promoter- Non Public Shareholder**		
	Employee Benefit Trust/ Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	4,03,880	0.40
	Total (C)	**4,03,880**	**0.40**
	TOTAL (A+B+C)	**10,10,23,885**	**100.00**

OUTSTANDING GDRS/ ADRS/ WARRANTS OR CONVERTIBLE INSTRUMENTS:

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments as on March 31, 2024, which are likely to have an impact on the equity of the Company.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

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

PLANT LOCATION:

Being a financial services company, the Company has no plant locations. Further, as on 31st March, 2024, the company have 1,297 Branches spread across 22 states of the country.

ADDRESS FOR CORRESPONDENCE

Mr. Deepak Madaan
Company Secretary & Chief Compliance officer
Fusion Finance limited
Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001
Tel: 0124-6910500/6910600
Website: www.fusionfin.com
Email: companysecretary@fusionfin.com

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

Corporate Office:
Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001
Tel: 0124-6910500/6910600
Website: www.fusionfin.com

CREDIT RATING

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

OTHER DISCLOSURES

a. The Company has not entered any transaction of material nature with the Directors or the management, relatives of Directors during the year under review that have potential conflict with the interest of the Company. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Indian Accounting Standards – 24, if any, are placed periodically before the Audit Committee. Further, the details of the related party transactions of the Company during the year ended March 31, 2024 are given in Notes on Accounts forming part of Annual Report. All related party transactions entered are on arms' length basis and in the ordinary course of business and are intended to further the interest of the Company. The related party policy of the company is disclosed on the website of the company i.e. www.fusionfin.com.

b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years are as under:

During FY 2023-24, no action(s) has been taken against the promoters / directors of the Company either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.

Further, please find below the details of non-compliances imposed by the BSE Limited on the Company, during the last three years –

Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case
Bombay Stock Exchange	₹1,15,640/- (inclusive of GST)	Non disclosure of line items prescribed under Regulation 52(4), non submission of the financial results for the quarter and half year ended September 30, 2022 under Regulation 52(1) and Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs under Regulation 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 . The required penalty amount has been paid on 27/12/2022.
Bombay Stock Exchange	₹23,600/- (inclusive of GST)	Delay in submission of the notice of Record Date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the company has applied for waiver and same was approved vide email from BSE dated September 08, 2023.
Bombay Stock Exchange	₹13,21,600/-	Nondisclosure of information related to payment obligations under Regulations 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, there being no non-compliance, the company had applied for the waiver of the same. The BSE has, thereafter, acknowledged the Company's representation.
Bombay Stock Exchange	₹11,800/- (inclusive of GST)	Delay in submission of the notice of Record Date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the company had applied for waive off of the same but it was rejected. Accordingly, the amount of penalty has been paid on 04/01/2024.

During the F.Y. 2024, there have been no instances of non-compliance by the Company on any matters related to stock exchange(s) or the board or any statutory authority, on any matter related to capital markets.

c. The Company has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the Company and also placed on the website of the Company i.e. www.fusionfin.com. Further, it is affirmed that no personnel have been denied access to the Audit Committee. The Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct of the Company serves as a guide for daily business interactions, reflecting the Company's standard for appropriate behavior and living Corporate Values. The Code of Conduct applies to all Fusion's People, including Directors, Officers, and all employees of the Company.

d. The Company has complied with all the mandatory requirements of the SEBI Listing Regulations and discretionary requirements as specified in Part E of Schedule II to the SEBI Listing Regulations are being reviewed from time to time.

e. During the FY 2023-24, the total fee of ₹1,12,40,816.00 is being paid to the Statutory Auditors of the Company for Statutory Audit, Tax Audit and other professional services.

f. During the financial year ended 31st March 2024, the Board of Directors accepted all recommendations of the Committees of the Board of Directors, which were mandatorily required to be made.

g. As per requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization. Further, the Company have properly constituted Internal Complaint Committee to address the sexual harassment cases. However, during the financial year ended 31st March 2024, the Company has received two complaints on sexual harassment, the said complaints were investigated and resolved as per the provisions of the POSH and as on 31st March 2024, no complaint was pending for investigation and resolution.

h. Online Dispute Resolution (ODR) Mechanism

Members may kindly note that in accordance with SEBI Circular No. SEBI/HO/OIAE_IAD-1/P/CIR/2023/131 dated 31st July, 2023, the Company has registered on the newly launched SMART ODR Portal (Securities Market Approach for Resolution through Online Disputes Resolution Portal). Post exhausting the option to resolve their grievance with the Company/its Registrar and Share Transfer Agent directly and through existing SCORES 2.0 platform, the investors can initiate dispute resolution through the ODR Portal at https://smartodr.in/login and the same can also be accessed through the Company's website https://fusionfin.com/odr-portal/ under section "ODR PORTAL".

i. The company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015.

j. **Disclosure on loans and advances:**

The Company has not provided any loans and advances in the nature of loans to firms/ companies in which the directors are interested during the Financial Year 2023-24.

k. Disclosure of certain types of agreements binding listed entities:

No such agreements, as specified in clause 5A of para A of part A of Schedule III of SEBI (LODR) Regulations, 2015 have been entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of the company.

l. **Details of the Company's material subsidiary:**

The company does not have any material subsidiary as on date.

CERTIFICATE ON CORPORATE GOVERNANCE

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

To,
The Members of
Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)
Regd. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi 110028

We have examined the compliance of conditions of Corporate Governance by the Fusion Finance Limited (Formerly known as **Fusion Micro Finance Limited**) for the year ended **31st March, 2024** as per regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

For **Harish Popli & Associates**
Company Secretaries

Harish Kumar
Proprietor
FCS: 11918, COP: 22475
UDIN: F011918F000760798

Place: Delhi
Date: July 17, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To,
The Members of
Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)
Regd. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi 110028

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its directors / officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs and any such other statutory authority.

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

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

For **Harish Popli & Associates**
Company Secretaries

Harish Kumar
Proprietor
FCS: 11918, COP: 22475
UDIN: F011918F000760842

Place: Delhi
Date: July 17, 2024

CEO Certification on Code of Conduct

I, Devesh Sachdev, Managing Director and CEO of Fusion Finance Limited, hereby certify that all the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct of the Company laid down by the Board of Directors, for the year ended March 31, 2024.

For and on behalf of the Board of Directors

Sd/-
Devesh Sachdev
MD & CEO
DIN: 02547111

Place: Gurugram
Date: August 06, 2024

ANNEXURE - 2

Form No. MR-3

Secretarial Audit Report

[For the Financial Year ended on 31st March 2024]

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

To,
The Members,
FUSION FINANCE LIMITED
(Formerly known as Fusion Micro Finance Limited)
Regd Office: H-1, C Block, Community Centre, Naraina Vihar,
New Delhi 110028

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

Auditor's Responsibility

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

Based on our verification of the **FUSION FINANCE LIMITED's** (Formerly known as Fusion Micro Finance Limited) books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and compliance -mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on **31st March, 2024** according to the provisions of:

(i) The Companies Act, 2013 (**"the Act"**) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under-

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - The Company was not involved in the activities relating to Registrar to a issue and not acting as Share Transfer Agent hence not applicable to the Company during the audit period;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.- **Not applicable during the audit period.**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. - **Not applicable during the audit period**.

(i). The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder. ('Listing Regulations').

(vii) We further inform that, based on the representation received from the management, the following industry specific laws, are applicable to the Company.

The Reserve Bank of India Act, 1934, as amended form time to time, Non-Banking Financial Company –Micro Finance Institutions (Reserve Bank) Directions, 2011 and Regulations, directions, circulars issued by RBI for the Non-Banking Financial Companies-Non Accepting Public Deposits

During the period under review the Company is generally regular in compliance of the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except as the composition of Board of the Company was not in conformity with the provisions of Section 152(6) of the Act for the part of the year i.e. upto July 8, 2023. The Company has obtained necessary approval of the shareholders to change the terms of appointment of two directors and complied with he provisions of Section 152(6) of the Act. Further, eform MGT-14 for the borrowing powers exercised by the Company during the year under review were filed subsequent to closure of financial year with additional fees.

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

We further report that:

1. The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except elsewhere reported in this report. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or proper consent were recorded for shorter notices, if any and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the period under review, the Company has not undertaken any specific events/actions that can have major bearing on the Company affairs in pursuance to above laws, rules, regulations, guidelines, standards, except as follows:

1. Approval to increase the borrowing limit of the Company and create charges etc. on the moveable properties of the Company, both present and future, in respect of borrowings under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 upto ₹15000 Crores.

2. Amendments in the Articles of Association of the Company.

For **Harish Popli & Associates**
Company Secretaries

Harish Kumar
Proprietor
FCS: 11918, COP: 22475
UDIN: F011918F000799485

Place: New Delhi
Date: July 22, 2024

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

Annexure –"A"

To,
The Members,
FUSION FINANCE LIMITED
(Formerly known as Fusion Micro Finance Limited)
Regd Office: H-1, C Block, Community Centre, Naraina Vihar,
New Delhi 110028

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

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Harish Popli & Associates**
Company Secretaries

Harish Kumar
Proprietor
FCS: 11918, COP: 22475
UDIN: F011918F000799485

Place: New Delhi
Date: July 22, 2024

COMPLIANCE CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER FOR THE FINANCIAL YEAR 2023-24

(Pursuant to Regulation 17(8) of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part-B of Schedule-II)

To,
The Board of Directors
Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)
H-1, C Block, Community Centre, Naraina Vihar,
New Delhi-110028

This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31st March 2024 and that to the best of our knowledge and belief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent or illegal or violate Company's Code of Conduct.

3. We accept our responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

4. We have indicated to the Auditors and the Audit Committee:
   a. Significant changes in internal control over financial reporting during the year;
   b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Gaurav Maheshwari
Chief Financial Officer

Sd/-
Devesh Sachdev
Managing Director & CEO
DIN: 02547111

Place: Gurugram
Date: August 06, 2024

ANNEXURE - 3

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Overview

In April 2024, the IMF raised India's GDP forecast for FY 2024-25 by 30 basis points to 6.8%, citing continuing strength in domestic demand and a rising working-age population. This reinforces India's status as the fastest-growing major economy in the world.

Historically, India has been a consumption-driven economy, with private consumption accounting for approximately 58-60% of the GDP. Strong domestic demand has helped the economy remain resilient amid various external economic and geopolitical shocks. However, recently, the growth drivers have shifted, with private consumption growth slowing and government-led capital expenditure spurring robust GDP growth.

India's fiscal policy has been crucial in shaping the current economic trajectory. The government's strategic adjustments, including increased spending on infrastructure and social programs have stimulated growth across various sectors. Enhanced public investment has not only provided direct economic stimulus but also encouraged private sector participation. These fiscal policies are designed to create a multiplier effect that sustains economic expansion and mitigates the impact of global economic fluctuations.

Before COVID-19 pandemic, from 2009 onwards, India's GDP grew at an average rate of 7% annually, with private final consumption expenditure (PFCE) slightly outpacing this at 7.2% year-over-year. During this period, investment growth lagged at around 6%. Post pandemic, except for a brief surge in consumption due to pent-up demand, there has been a notable slowdown in private consumption, while investment has surpassed both GDP growth and PFCE growth rates.

India's consumption pattern presents a complex puzzle for policymakers and economists. Despite moderation in private consumption and core inflation, high-frequency indicators such as consumer loan growth, passenger vehicle sales, residential sales, and GST collections—which serve as proxies for consumption demand—continue to show robust growth. Consumer credit has surged at an average rate of 25% annually, and Passenger Vehicle sales have increased by 16%. GST collections have reached an all-time high, and the housing market is booming, with residential sales in the top seven cities rising 30% year-over-year in FY 2023-24.

The rise of digital technologies and the expansion of the service sector represent another pivotal aspect of India's economic growth. The government's push for digitalization, including significant investments in digital infrastructure and support for technology startups, has fostered innovation and entrepreneurial activity. This digital transformation is not just enhancing productivity across sectors but also making services more accessible to the general population, thereby contributing to economic inclusivity and growth.

Rural demand slowdown

Turning to the rural economy, which comprises 70% of India's population and about 50% of total consumption - the impact of the pandemic, high rural inflation and reduced subsidies have strained consumer budgets. High-frequency indicators like two-wheeler and tractor sales, agricultural exports, and fertilizer sales have shown discouraging trends. Tractor sales, a gauge of rural investment, have decreased by 9% in FY 2023-24, while fertilizer sales have contracted by about 2%.

However, signs of recovery are visible, such as in two-wheeler sales, which, after declining by 0.7% in the first half of FY 2023-24, have begun to stabilize. According to Nielsen, FMCG sales have improved since the third quarter of FY 2023-24, growing 5-6% year-over-year in volume terms, driven by a recovery in rural demand. This uptick is evident in the increased sales of daily essentials such as food staples, soaps, shampoos, detergents, and tea. Sustaining this demand is crucial for accelerating consumption.

Despite the economic recovery post-pandemic, rural wage growth has remained steady at 5-6%, while a sharp rise in rural inflation has led to negative real wage growth, severely limiting the purchasing power of rural households. Rural inflation remained higher than urban inflation in FY 2022-23 (6.8% vs. 6.4%) and continued this trend into FY 2023-24 (5.6% vs. 5.2%).

The debate over whether the rural demand slowdown is structural, potentially indicative of a K-shaped recovery, continues. The latest Household Consumption Expenditure Survey highlights a stark disparity in spending between the wealthiest and poorest segments. The bottom 5% of India's rural population has an average monthly per capita expenditure (MPCE) of ₹1,373, compared with ₹2,001 in urban areas. Conversely, the top 5% in rural and urban areas spend an average of ₹10,501 and ₹20,824, respectively, with the richest 5% spending nearly eight times more than the poorest 5% in rural India, and 10 times more in urban areas.

For India's economy to achieve meaningful and resilient growth, boosting rural demand should be a top priority for the new government's agenda. The Union Budget have focused on increasing government spending on rural infrastructure, and implementing targeted subsidies for the rural poor.

Microfinance Industry – Key Takeaways (source CRIF Microlend report of March 2024)

- Portfolio outstanding of Microfinance sector at ₹ 442.7 K crore as of March 2024 with 8.5% Q-o-Q and 26.8% Y-o-Y growth.
- Live customer base grew by 6.1% Q-o-Q and by 17.6% Y-o-Y as of March 2024, 8.7 crore Live MFI borrowers in India as of March 2024.
- Non-Banking Financial Company – Microfinance Institutions (NBFC-MFIs) continue to dominate the market with portfolio share of 39.2%, followed by Banks 33.2%, Small Finance Banks (SFBs) 16.9%, and Non-Banking Financial Companies (NBFCs) 10.2% as of March 2024.
- 13.9% Q-o-Q growth in GLP for NBFCs as against 7.7% for Banks, 9.3% for NBFC-MFI and SFBs 5.5% as of March 2024. Y-o-Y growth of nearly 45.8% for NBFCs, 25.9% for Banks, 23.5% for NBFC-MFIs, 27% for SFBs.
- 14.2% of live MFI borrowers have an active retail loan, Retail Portfolio Outstanding of MFI Borrowers at 1.69 Lakh crore as of March 2024, Y-o-Y increase of 10%.
- Retail exposure of MFI borrowers is dominated by Home loans, Agri KCC and Gold loans by value as of March 2024. By volume Gold loans, Personal loans and Consumer Durable loans have the highest share as of March 2024, Highest Y-o-Y growth in POS for Property Loans (41.4%) and Personal Loans (38.3%)
- PAR 31-180 DPD increased from 2.0% as of December 2023 to 2.1% as of March 2024, PAR 91-180 DPD remained stable.
- Top 10 states by GLP contribute to 83.5% of national GLP.
- West Bengal, Bihar and UP recorded highest Q-o-Q growth of 11.8%, 11.7% and 11.1% respectively as of March 2024.
- Average balance per borrower for top states Tamil Nadu, Bihar and Uttar Pradesh stood at ₹62.2K, ₹58.8K, ₹50.1K respectively as of March 2024.
- Ticket size range of ₹30K-₹50K continues to dominate the portfolio with share of 46.9% as of March 2024.
- Portfolio of ticket size ₹75K-₹1L witnessed Y-o-Y growth of 51.7% and Q-o-Q growth of 14.7% as of March 2024.

Industry Structure And Development

In FY 2024-25, the MFI sector is likely to grow in the mid 20s rate given the high base of the previous financial year as well as the new network investments made that will start yielding productive results with a lag. The practitioners in the sector will focus on consolidating businesses in the states wherein the portfolio had been impacted by external circumstances including natural unforeseen climatic patterns

The overall sector growth is likely to see a moderately upward trajectory in South, North and West India while East/NE and Central India will probably just hold fort to the FY 2022-23 end levels.

There will be a very strong focus on a) Customer Life Cycle management b) ' New to Credit' customers c) retention of Existing customers on the book.

As is the case with the overall financial sector in the country comprising Banks and other financial institutions, we are also very optimistic of seeing significant improvement in overall portfolio quality in the MFI space in FY 2024-25.

OPPORTUNITIES AND THREATS

A. Opportunities

- Leveraging new potential geographic penetration in AP and Telangana
- Targeting incorporation of new asset class
- Integrating score / data-based credit assessment models for decisioning
- Mapping adjacencies to target customized offerings to the end customer
- Greater focus on corporate governance and prudent practices in line with the target segment

B. Threats

- Longevity of rural distress and its impact on overall economic growth
- Impact of unforeseen natural events/climatic conditions
- Inflation – its impact on overall economy and central bank's policies impacting MFI practitioners of all sizes

COMPANY OVERVIEW

Fusion Finance is a registered NBFC-MFI which operates on a Joint Liability Group lending model of Grameen. Established in 2010, the Company focuses on reaching out to the underserved and unbanked populace of the country providing financial services to rural women. Thus, 100% of its client base comprise women living in rural and peri-rural areas. While the Company's core business model is to provide financial support to this segment, disseminating financial literacy & awareness to its customers is an integral part of its core strategy. Adjacent to this initiative is the company's CSR policy which focuses on key activities like Health, Hygiene, Sanitation, Primary Education in catchment areas of its operations. In 2019, the company introduced MSME loans, focusing on 'missing middle' segment of the MSME sector.

Headquartered in Gurgaon, the Company's operations are spread across 22 Indian states including 3 Union Territories and managed by an experienced and enthusiastic workforce.

OPERATIONAL PERFORMANCE

The Company registered a strong performance in FY 2023-24. From an operational perspective, the Company has taken important strides which promise to make its profitable growth sustainable.

The Company has extended its branch network further in the 22 states that it operates in with a total number of branches as of March 2024 being 1297 as against 1086 as of March 2023. Significantly, the company also increased its customer base to 38.6 Lakhs as of March 2024 as compared to 35.3 Lakhs as of March 2023.

FINANCIAL PERFORMANCE

(All amounts are in Rupees crores unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations		
Interest Income	2,091.90	1,600.10
Fees and commission Income	41.67	19.58
Net gain on fair value changes	52.86	25.38
Net gain on derecognition of financial instruments under amortized cost category	130.30	96.86
Total Revenue from operations	**2,316.73**	**1,741.92**
Other Income	95.69	58.05
Total Income	**2,412.42**	**1,799.97**
Expenses		
Finance Costs	790.83	642.78
Impairment on financial instruments	364.86	200.37
Employee benefits expenses	431.22	325.52
Depreciation and amortization	9.01	7.41
Other expenses	153.24	111.91
Total Expenses	**1,749.16**	**1,287.99**
Profit before tax	**663.26**	**511.98**
Tax Expense:		
Current Tax	172.30	110.60
Deferred Tax	(14.33)	14.23
Profit for the year	**505.29**	**387.15**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains/(loss) on defined benefit plans	1.64	0.42
Income tax effect	(0.41)	(0.11)
Total Other Comprehensive Income for the year	**1.23**	**0.31**
Total Comprehensive Income for the year	**506.52**	**387.46**

Net Profit Margin percentage of the Company reduced from 21.51% in FY 2022-23 to 20.95% in FY 2023-24 due to increase in impairment on financial instruments from ₹200.37 Crores in FY 2022-23 to ₹364.86 Crores in FY 2023-24 and the return on net worth reduced from 21.16% in FY 2022-23 to 19.55% in FY 2023-24 due to increase in net profit in FY 2023-24 to ₹505.29 Crores from ₹387.15 Crores in FY 2022-23.

OUTLOOK FOR 2024-25

In line with the overall macro economic scenario and the corresponding GDP growth estimates, the contribution from Rural economy – adding significantly to the overall growth story will remain a KEY factor. Continuation of the government's policies aimed at revitalizing the activity in the Rural sector hence will be a priority.

Given this impetus , Financial Services especially the Microfinance Sector will have a very important role to play in strengthening the micro – entrepreneurs specifically the contribution of women in the work force as well as in employment generation at ground level . The sector is likely to grow in a consolidated manner with greater focus on Customer Lifecycle Management, Responsible and Transparent practices and Portfolio Quality. Investments in building networks and setting up robust servicing platforms is likely to continue with sharp focus on optimally leveraging scale and credit costs.

INTERNAL CONTROL AND ITS ADEQUACY

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

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

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

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

RISK AND CONCERNS

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

The Company has integrated risk management practices into governance and operations. Appropriate risk framework i.e., policies, processes, systems and tools have been established to identify, measure, monitor, report and mitigate all the material risks. The company follows 3 lines of defense approach for managing risks. At the first line of defense are the various Business and Support functions, second line is made of Risk Management and Compliance function and third line of defense is the Internal Audit function.

Risk Management policies and processes have been designed for periodic review and mitigation of all the material risks faced by organization including credit risk, market risk, operational risk, reputation risk, liquidity risk, technology risk, business and strategic risk, legal and compliance risk. These policies are reviewed annually to ensure that any changes in macro or internal business environment are reflected in the Company's operating framework. The Risk Management Plan forms the basis for implementation of risk management strategies and practices in detail.

Risk Management function at Fusion is an enterprise-wide independent function backed by a qualified team of specialists with deep industry experience who develop frameworks and methodologies for assessing and mitigating risks. It further provides periodic reports to Management and Board Risk Committee encompassing the risk profile of the Company across various risk areas, enabling the relevant stakeholders to take timely and informed decisions.

HUMAN RESOURCE

At Fusion, our people are our core asset, and they remain at the heart of our strategy. We continue to stay focused on providing an enriching work environment to our team by fostering a value driven culture. Our values of Responsibility, Respect, Transparency, Governance, Collaboration and Customer Focus continue to be our guiding principles.

We have focused on providing a stronger employee experience through immersive induction, structured training and learning interventions, deepened connect with higher engagement touchpoints and feedback mechanisms along with differentiated rewards and career growth opportunities.

As the organization gears for further growth, it is imperative that we continue to lead with our values and create a more agile culture which is focused on execution of our strategies, in action and spirit. Our focus is to leverage technology and analytics to further strengthen our processes and deepen the connect to provide a consistent employee experience to our team.

CAUTIONARY STATEMENT

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

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

	Sd/-	Sd/-
	Devesh Sachdev	**Ratna Dharashree Vishwanathan**
Place: Gurugram	Managing Director & CEO	Director
Date: August 06, 2024	DIN: 02547111	DIN: 07278291

ANNEXURE - 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

The CSR Policy of the Company is aligned with the overall vision of the Company. Through its CSR initiatives, Fusion Finance Limited (FFL) (Formerly Fusion Micro Finance Limited) is dedicated to enhancing value creation in the society and communities where it operates. This policy serves as a framework for implementing CSR programs/projects aimed at promoting sustained growth for society and communities. In fulfilling this role, FFL acts as a socially responsible corporate entity with environmental concerns, while also reflecting the Company's vision, mission, and focus areas of development.

The CSR Policy is formulated in accordance with the requirements of Section 135 of the Companies Act 2013 and CSR Rules, 2014 as amended from time to time. Being a socially responsible organization, FFL believes in optimizing the impact of its CSR activities. FFL has adopted a multi-fold approach for CSR and will primarily focus on but not limited to:

- Education and skill development
- Environment sustainability & Sanitation
- Community empowerment and livelihood and other need-based initiatives
- Disaster relief and rehabilitation Initiatives
- Health & Hygiene

2. **Composition of CSR Committee as on March 31, 2024:**

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

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company. : Composition of CSR Committee: https://fusionfin.com/investor-relations-2/

   CSR Policy: https://fusionfin.com/corporate-governance#policies

   CSR Projects: https://fusionfin.com/pdf/CSR-DetailedDocument.pdf

4. The executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 , if applicable . : **Not Applicable**

5. (a) Average net profit of the company as per section 135(5): **₹1,82,49,94,691**

   (b) Two percent of average net profit of the company as per section 135(5): **₹3,64,99,894**

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

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

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹3,64,99,894**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹3,61,62,122**

   (b) Amount spent in Administrative Overheads: **₹3,46,440**

   (c) Amount spent on Impact Assessment, if applicable: **Not Applicable**

   (d) Total Amount spent for the financial Year [(a)+(b)+(c)]: **₹3,65,08,562**

   (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer
₹3,65,08,562.00	Nil		Not Applicable		

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	3,64,99,894.00
(ii)	Total amount spent for the Financial Year	3,65,08,562.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	8,668.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	*Amount available for set off in succeeding financial years [(iii)-(iv)]	8,668.00

*The accumulated total amount available for set off in the succeeding Financial Years is ₹55,47,375.00 including ₹55,38,707.00 for the Financial Year 2022-23 and ₹8,668 for Financial Year 2023-24.

7. Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility Amount spent in the Financial Year: **No**

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: **Not Applicable**

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

Sd/-
Devesh Sachdev
MD and CEO
DIN: 02547111

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

Place: Gurugram
Dated: August 06, 2024

ANNEXURE - 5

STATEMENT OF INFORMATION TO BE FURNISHED PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 ("THE ACT") READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No.	PARTICULARS	DISCLOSURES
(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director & CEO: 81/ 1
(ii)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	**Increase in Remuneration:** Chief Executive Officer: 24% Chief Financial Officer: 15% Company Secretary: 16%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	10.51% (for the FY 2023-24)
(iv)	the number of permanent employees on the rolls of company as on March 2024;	13807
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was 10.51% and the average increase in the managerial remuneration (CEO, CFO & CS) was 18.33%.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

STATEMENT OF INFORMATION TO BE FURNISHED PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 ("THE ACT") READ WITH RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. The detail of top ten employees in terms of remuneration drawn is as follows:

Employee Name	Designation	Qualification	Remuneration Received	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/ manager
Devesh Sachdev	Managing Director & Chief Executive Officer	MBA	7,57,08,055	Full time employment	01-Jan-10	51	27	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer - MFI	MBA	1,55,96,144	Full time employment	19-Jun-17	54	32	SBI Cards	No
Sanjay Mahajan	Chief Information Officer	MCA	1,31,80,227	Full time employment	22-Apr-23	55	32	SAS Commercial Studio	No
Kamal Kumar Kaushik	Chief Operating Officer - MSME	CA	1,20,34,453	Full time employment	22-Jul-19	51	24	Religare Housing Development Finance	No
Gaurav Maheshwari	Chief Financial Officer	CA, MBF	1,13,66,526	Full time employment	03-Feb-16	45	20	Avantha Group	No
Ankush Ahluwalia	Senior Vice President	MBE	1,00,51,883	Full time employment	03-Aug-15	45	21	Magma Fincorp Ltd.	No
Sanjay Vishwanath Choudhary	Chief Risk Officer	CA	68,14,888	Full time employment	02-Sep-20	49	25	Satin Credit Care	No
Deepak Madaan	Chief Compliance Officer	CS	64,87,258	Full time employment	01-Jun-13	37	16	Almondz	No
Pooja Mehta	Chief Human Resource Officer	PGDPM & IR, HR	64,85,464	Consulting	16-Sep-22	48	21	Consulting	No
Shashank Sharma	Senior Vice President	MBA	50,85,403	Full time employment	10-Apr-23	45	20	BharatPe	No

B. Name of every employee of the company who –

a. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees: Mr. Devesh Sachdev, Managing Director & CEO and Mr. Tarun Mehndiratta, Chief Operating Officer – MFI.

Employee Name	Designation	Qualification	Remuneration Received	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/ manager
Devesh Sachdev	Managing Director & Chief Executive Officer	MBA	7,57,08,055	Full time employment	01-Jan-10	51	27	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer - MFI	MBA	1,55,96,144	Full time employment	19-Jun-17	54	32	SBI Cards	No

b. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month: Nil

c. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: Nil

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

Sd/-
Devesh Sachdev
MD and CEO
DIN: 02547111

Sd/-
Ratna Dharashree Vishwanathan
Director
DIN: 07278291

Place: Gurugram
Dated: August 06, 2024

Independent Auditor's Report

To The Members of Fusion Micro Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fusion Micro Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of financial instruments (including provision for expected credit loss)** **(As described in note 2.7 of the financial statements)** Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: a. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. b. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. c. Estimating recoveries to determine loss given default on a collective basis for loans that have defaulted. d. Determining effect of less frequent past events on future probability of default.	Principal audit procedures performed: We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing portfolio and their business models. We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, we have also confirmed that adjustments to the output of the ECL model is consistent with the documented rationale and the amount of adjustment has been approved by the Board of Directors. Our audit procedures related to the allowance for ECL included the following, amongst others: • Evaluation of the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages; • Involvement of Information Technology Specialist for review of stage classification of Loan portfolio; • Involvement of internal expert for evaluation and understanding of the model adopted by the Company for calculation of Expected Credit Losses including the appropriateness of the data on which the calculation is based; • Testing on sample basis, the input and historical data used for determining the 'Probability of Default' (PD) and 'Loss Given Default' (LGD) rates, model validation and agreeing the data with the underlying books of account and records; • Evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company with the help of internal experts. • Tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model tested that the adjustment is in conformity with the amount approved by the Board of Directors. • Assessed the adequacy of disclosures made in relation to the ECL allowance in accordance with Ind AS 107.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis and Board's Report including Annexures to Board Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for not complying with the requirement of audit trail as stated in (i)(vi) below (refer Note 59 to the financial statements).

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above.

   g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigation which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 58 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 58 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

      vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in respect of accounting software operated by third party software service providers for loan and payroll records, in the absence of Independent service auditor's System and Organisation Controls (SOC 1) Type 2 reports covering the requirements of audit trail, we are unable to comment on whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there was any instance of the audit trail feature been tampered with.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with, in respect of accounting software for book-keeping for which the audit trail feature was operating.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended March 31, 2024

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Jitendra Agarwal
(Partner)
(Membership No. 87104)
(UDIN:24087104BKCUCY9814)

Place: Gurugram
Date: May 06, 2024

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Fusion Micro Finance Limited ("the Company") as at March 31, 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Jitendra Agarwal
(Partner)
(Membership No. 87104)
(UDIN:24087104BKCUCY9814)

Place: Gurugram
Date: May 06, 2024

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of Right-of-Use (ROU) assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of Property, Plant and Equipment so as to cover all the items once every two years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification, however reconciliation between physical and book records are in progress.

(c) Based on our examination of the registered sale deed provided to us, we report that, title deed of the immovable property (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

In respect of immovable properties that have been taken on lease and disclosed in the financial statements as 'ROU asset' as at the balance sheet date, the lease agreements are duly executed in favour of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including ROU assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital limits in excess of ₹5 Crores from banks or financial institutions on the basis of security of current assets. Hence, reporting on the quarterly returns or statements to be filed by the Company with such banks or financial institutions, is not applicable.

(iii) (a) The Company's principal business is to give loans, and hence reporting under clause (iii)(a) of the Order is not applicable.

(b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated. Note 2.7.1 to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at March 31, 2024, aggregating ₹297.25 crores were categorised as credit impaired ("Stage 3") and ₹121.03 crores were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 6 to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating ₹9,884.13 crores, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delay in the repayment of interest and/or principal in respect of loans aggregating to ₹7.76 crores were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹297.25 Crores. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.

(e) The Company's principal business is to give loans, and hence reporting under clause (iii)(e) of the Order is not applicable.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that, the Company has not granted any loan, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company being Non-Banking Finance Company registered with RBI provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable and no order has been passed by the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable

(vii) In respect of statutory dues:

(a) Other than for certain delays in deposit of professional tax of ₹1.17 lacs due to late registrations, undisputed statutory dues, including Goods and Service tax, Provident fund, Employees' State Insurance, Income-tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, Cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2024.

(viii) In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix) (e) of the Order is not applicable.

(f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year for the period under audit.

(xv) In our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

(b) During the year, the Company has not conducted any Non-Banking Financial activities or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Jitendra Agarwal
(Partner)
(Membership No. 87104)
(UDIN:24087104BKCUCY9814)

Place: Gurugram
Date: May 06, 2024

Balance Sheet
as at March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Financial assets			
Cash and cash equivalents	3	1,474.69	950.36
Bank balance other than cash and cash equivalents	4	78.50	114.67
Trade receivables	5	13.85	14.41
Loans	6	9,947.87	8,041.56
Investments	7	2.06	-
Other financial assets	8	99.41	96.04
Derivative financial instrument	15	-	0.14
Total financial assets		**11,616.38**	**9,217.18**
Non-financial Assets			
Current tax assets (net)	9	3.25	38.36
Deferred tax assets (net)	10	91.67	77.74
Property, plant and equipment	11	22.44	13.28
Capital work-in-progress	11	-	0.25
Right of use asset	12	8.46	7.66
Intangible assets	13	0.54	0.02
Intangible assets under development	13	2.18	-
Other non-financial assets	14	29.40	9.05
Total non-financial assets		**157.94**	**146.36**
Total assets		**11,774.32**	**9,363.54**
Liabilities & Equity			
Financial liabilities			
Derivative financial instrument	15	0.01	-
Trade payables	16		
total outstanding dues of micro enterprises and small enterprises		1.84	-
total outstanding dues of creditors other than micro enterprises and small enterprises		65.89	71.63
Debt securities	17	201.59	628.80
Borrowings (other than debt securities)	18	8,360.92	6,036.61
Subordinated liabilities	19	53.39	112.99
Other financial liabilities	20	176.39	156.92
Total financial liabilities		**8,860.03**	**7,006.95**
Non-financial liabilities			
Current tax liabilities (net)	21	-	0.71
Provisions	22	10.54	10.90
Other non-financial liabilities	23	55.60	23.06
Total non-financial liabilities		**66.14**	**34.67**
Total liabilities		**8,926.17**	**7,041.62**
Equity			
Equity share capital	25	100.62	100.35
Other equity	26	2,747.53	2,221.57
Total equity		**2,848.15**	**2,321.92**
Total liabilities and equity		**11,774.32**	**9,363.54**
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date
for **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

Jitendra Agarwal
Partner
Membership Number : 087104

Place: Gurugram
Date: May 06, 2024

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN : L65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Chief Compliance Officer
M. No. A24811
Place: Gurugram
Date: May 06, 2024

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

Statement of Profit and Loss
for year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations			
Interest income	27	2,091.90	1,600.10
Fees and commission income	28	41.67	19.58
Net gain on fair value changes	29	52.86	25.38
Net gain on derecognition of financial instruments under amortised cost category	30	130.30	96.86
Total revenue from operations		**2,316.73**	**1,741.92**
Other income	31	95.69	58.05
Total income		**2,412.42**	**1,799.97**
Expenses			
Finance costs	32	790.83	642.78
Impairment on financial instruments	33	364.86	200.37
Employee benefits expenses	34	431.22	325.52
Depreciation and amortization	11-13	9.01	7.41
Other expenses	35	153.24	111.91
Total expenses		**1,749.16**	**1,287.99**
Profit before tax for the year		**663.26**	**511.98**
Tax expense :			
Current tax	36	172.30	110.60
Deferred tax	36	(14.33)	14.23
Profit for the year		**505.29**	**387.15**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on defined benefit plans		1.64	0.42
Income tax effect on above		(0.41)	(0.11)
Total other comprehensive income for the year		**1.23**	**0.31**
Total comprehensive income for the year		**506.52**	**387.46**
Earnings per equity share (equity share par value of ₹ 10 each)			
Basic (₹)	37	50.30	43.29
Diluted (₹)	37	50.11	43.13
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date
for **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

Jitendra Agarwal
Partner
Membership Number : 087104

Place: Gurugram
Date: May 06, 2024

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN : L65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Chief Compliance Officer
M. No. A24811
Place: Gurugram
Date: May 06, 2024

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

Statement of Cash flows

for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Cash flow from operating activities		
Profit before tax	**663.26**	**511.98**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	9.01	7.41
(Gain)/ Loss on sale of property, plant & equipment	0.02	-
Impairment of financial instruments-Loans	361.08	199.51
(Gain)/ Loss on fair value changes	(0.06)	-
Impairment of financial instruments-other financial assets	3.78	0.86
Finance cost on lease liability	0.99	1.02
Provision for gratuity	3.74	3.12
Provision for compensated absences	3.43	2.75
Other provisions	(5.89)	(1.59)
Net gain on sale of mutual fund investment	(52.80)	(25.38)
Net gain on derecognition of financial instruments under amortised cost category	(130.30)	(96.86)
Employee share based compensation	13.11	6.72
Effective interest rate adjustment for financial instruments	(1.94)	(3.46)
Net foreign exchange differences	0.83	4.62
Fair value loss on derivative financial instruments	0.14	(7.85)
Operating cash flow before working capital changes	**868.40**	**602.85**
Movement in working capital:		
(Increase)/decrease in loans	(2,267.39)	(2,322.88)
(Increase)/decrease in trade receivables	0.56	(10.13)
(Increase)/decrease in other financial assets	123.15	55.58
(Increase)/decrease in other non- financial assets	(20.35)	8.43
(Increase)/decrease in bank balance other than cash and cash equivalents	36.17	27.56
Increase/(decrease) in trade payables	(3.90)	43.96
Increase/(decrease) in other financial liability	18.38	42.84
Increase/(decrease) in other non-financial liabilities	32.54	1.74
Cash flow from operations	**(1,212.44)**	**(1,550.05)**
Income tax paid	(137.90)	(112.99)
Net cash used from operating activities (A)	**(1,350.34)**	**(1,663.04)**
II. Cash flow from investing activities		
Purchase of property, plant and equipments	(16.39)	(7.28)
Payment against capital work-in-progress	-	(0.25)
Proceeds from sale of property, plant and equipment	0.01	-
Purchase of intangible assets	(0.65)	-
Payment against intangible assets under development	(2.18)	-
Payment against right of use assets	(0.11)	-
Purchase of investments	(12,752.00)	(7,715.00)
Proceeds from sale of investments	12,802.80	7,740.38
Net cash flow from investing activities (B)	**31.48**	**17.85**

Statement of Cash flows (contd.)

for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
III. Cash flow from financing activities		
Proceeds from issue of equity shares (net of share issue expenses)	6.60	584.46
Repayment of debt securities	(427.46)	(335.37)
Proceeds from debt securities	-	180.00
Repayment of borrowings (other than debt securities)	(4,847.13)	(3,808.20)
Proceeds from borrowings (other than debt securities)	7,173.19	5,015.00
Proceeds from subordinated debt	-	-
Repayment of subordinated debt	(59.99)	(50.00)
Payment of lease liability	(2.02)	(1.71)
Net cash flow from financing activities (C)	**1,843.19**	**1,584.18**
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**524.33**	**(61.01)**
Cash and cash equivalents at the beginning of the year	950.36	1,011.37
Cash and cash equivalents at the end of the year	**1,474.69**	**950.36**

Note: a) For disclosures relating to change in liabilities arising from financing activities, refer note 42.

b) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7, Statement of Cash flows.

c) For components of cash and cash equivalents as at March 31, 2024 and March 31, 2023, refer note 3.

Cash flow from operating activities includes interest received of ₹ 2,069.66 crore (31 March 2023: ₹ 1,599.43 crore) and interest paid of ₹ 767.24 crore (31 March 2023: ₹ 623.09 crore).

Significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
for Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

Jitendra Agarwal
Partner
Membership Number : 087104

Place: Gurugram
Date: May 06, 2024

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN : L65100DL1994PLC061287

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Deepak Madaan
Company Secretary and Chief Compliance Officer
M. No. A24811

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

Place: Gurugram
Date: May 06, 2024

Statement of Changes in equity
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

A. Equity share capital

Particulars	As at April 1, 2023	Changes during the year 2023-24	As at March 31, 2024	As at April 1, 2022	Changes during the year 2022-23	As at March 31, 2023
Equity share capital (fully paid up)	100.63	0.39	101.02	84.33	16.30	100.63
Less: Treasury shares*	(0.28)	(0.12)	(0.40)	(1.57)	1.29	(0.28)
Total	**100.35**	**0.27**	**100.62**	**82.76**	**17.59**	**100.35**

* Treasury shares represents shares held by ESOP Trust . The company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

B. Other equity

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Statutory reserve	Treasury shares #	Securities premium	Employee stock option plan reserve	Retained earnings	Remeasurement gains on defined benefit plans	
Balance as at April 1, 2023	**122.81**	**(4.10)**	**1,641.64**	**7.97**	**452.06**	**1.19**	**2,221.57**
Profit for the year	-	-	-	-	505.29	-	505.29
Other comprehensive income for the year	-	-	-	-	-	1.23	1.23
Issue of equity shares	-	-	-	-	-	-	-
Transfer to / from retained earnings	101.06	-	-	-	(101.06)	-	-
Share based compensation	-	-	-	13.11	-	-	13.11
Exercise of share options	-	3.95	4.77	(2.39)	-	-	6.33
Lapse of share options	-	-	-	(0.15)	0.15	-	-
Issue of equity shares to trust	-	(11.50)	11.50	-	-	-	-
Balance as at March 31, 2024	**223.87**	**(11.65)**	**1,657.91**	**18.54**	**856.44**	**2.42**	**2,747.53**
Balance as at April 1, 2022	**45.38**	**(12.67)**	**1,070.88**	**9.51**	**141.21**	**0.88**	**1,255.19**
Profit for the year	-	-	-	-	387.15	-	387.15
Other comprehensive income for the year	-	-	-	-	-	0.31	0.31
Issue of equity shares	-	-	583.69	-	-	-	583.69
Transfer to / from retained earnings	77.43	-	-	-	(77.43)	-	-
Expenses incurred towards issue of share capital (net of taxes)	-	-	(25.32)	-	-	-	(25.32)
Share based compensation	-	-	-	6.72	-	-	6.72
Exercise of share options	-	8.57	12.39	(7.13)	-		13.83
Lapse of share options	-	-	-	(1.13)	1.13	-	-
Balance as at March 31, 2023	**122.81**	**(4.10)**	**1,641.64**	**7.97**	**452.06**	**1.19**	**2,221.57**

Treasury shares excluding amount adjusted from equity share capital.

Significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
for **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN : L65100DL1994PLC061287

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Chief Financial Officer
M. No. 403832

Place: Gurugram
Date: May 06, 2024

Place: Gurugram
Date: May 06, 2024

Notes to the Financial Statements
for the year ended March 31, 2024

1. Corporate information

Fusion Micro Finance Limited ('the Company'), was originally incorporated as 'Ambience Fincap Private Limited' on September 5, 1994 under the Companies Act, 1956. On January 9, 2003, the Reserve Bank of India (RBI) granted a certificate of registration as a non-deposit accepting non-banking financial company under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010, was issued, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Thereafter, the Company was issued a fresh certificate dated January 28, 2014 from RBI for carrying on the business of Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI') .The name of the Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company pursuant to the special resolution passed by the Shareholders of the Company and a fresh certificate of incorporation was issued dated July 20, 2021. The registered office of the Company is at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028.

The Company is primarily engaged in micro finance lending activities, providing financial services to poor women in India who are organized as Joint Liability Group ('JLGs'). The Company provides small value collateral free loans. Apart from micro finance lending, the Company also have lending to MSME enterprises.

The Company uses its distribution channel to provide other financial products and services to the members primarily relate to providing of loans to the members for the purchase of certain productivity enhancing products such as mobile handsets, bicycle etc.

The financial statements for the year ended March 31, 2024 are approved on May 06, 2024.

1A. Basis of preparation of financial statements

The financial statements of the Company as at and for the year ended March 31, 2024, have been prepared in accordance with requirements of Indian Accounting Standards ("Ind AS") notified by under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as prescribed under Section 133 of the Companies Act, 2013 ('Act'), other accounting principles generally accepted in India and presentation requirements of Division III of Schedule III of the Act (Ind AS compliant Schedule III), as applicable to the Company.

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVTOCI) instruments, plan assets, derivative financial instruments, investments recorded at fair value through profit or loss (FVTPL) and financial assets and liabilities designated at FVTPL, all of which have been measured at fair value. The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crore, except when otherwise indicated.

Presentation of financial statements

The Company presents its balance sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are only offset and reported net, when in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

A. The normal course of business.

B. The event of default.

C. The event of insolvency or bankruptcy of the Company and/ or its counterparties.

Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2. Significant accounting policies

2.1 Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

2.1.1 Interest income

Interest revenue is recognized using the Effective Interest Rate method (EIR). The EIR method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than the credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income at gross basis.

Notes to the Financial Statements
for the year ended March 31, 2024

2.1.1.1 Effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, debt instrument measured at FVTOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial assets.

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

2.1.2 Dividend income

Dividend income is recognized when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.1.3 Net gain on derecognition of financial instruments under amortized cost category

Where derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. Income from assignment transactions i.e. present value of excess interest spread is recognized. Refer Note 2.5 for policy on derecognition of financial assets and liability.

2.1.4 Net gain/loss on fair value changes

The Company recognizes the fair value on investment in mutual funds measured at FVTPL in the Statement of profit and loss in accordance with Ind AS 109.

2.1.5 Interest expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

2.1.6 Revenue from contracts with customers

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

a) Facilitation fees income is earned on distribution of services and products of other entities under distribution arrangements. The income so earned is recognised on completion of successful distribution on behalf of other entities subject to there being no significant uncertainty of its recovery.

b) The Company recognizes revenue from market support services upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

2.2 Financial instruments– initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

2.2.1 Date of recognition

Financial assets and liabilities, with an exception of loans, debt securities, deposits and borrowings are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognized when funds are disbursed to the customer's accounts. The Company recognises debt securities, deposits and borrowings when funds reach the Company's accounts.

Notes to the Financial Statements
for the year ended March 31, 2024

2.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVTPL), transaction costs are added to, subtracted from, this amount. Trade receivables are measured at the transaction price.

2.2.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either:

a) Amortized cost, as explained in Note 2.3.1

b) FVTPL as explained in Notes 2.3.4

c) FVTOCI

The Company classifies and measures its trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, are measured at FVTPL when they are derivative instruments or the fair value designation is applied, as explained in Note 2.3.4

2.3 Financial assets and liabilities

2.3.1 Loans, trade receivables, financial investments and other financial assets at amortized cost

The Company measures loans, trade receivables and other financial investments and assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are as follows.

2.3.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The information considered includes:

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.3.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (the 'SPPI test').

For the purposes of this test, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

Notes to the Financial Statements
for the year ended March 31, 2024

'Interest' within a lending arrangement are typically the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

2.3.2 Derivative financial instruments at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Changes in the fair value of currency and interest rate swaps entered to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing are included in Net loss /(gain) on fair value of derivative contracts measured at fair value through profit or loss under finance cost. Changes in the fair value of other derivatives are included in net gain/(loss) on fair value changes unless hedge accounting is applied.

The notional amount and fair value of such derivatives are disclosed separately in Note 15. The Company does not apply hedge accounting.

2.3.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on funds issued, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date

For the accounting treatment of financial instruments with equity conversion rights and call options, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be accounted for separately.

2.3.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

2.4 Reclassification of financial asset and liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2023-24 and 2022-23.

2.5 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of profit and loss.

2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').

Notes to the Financial Statements
for the year ended March 31, 2024

2.7 Impairment of Financial Assets

2.7.1 Overview of principles for measuring expected credit loss ('ECL') on financial assets.

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 47 (e).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorizes its loans into Stage 1, Stage 2, Stage 3 as described below:

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure up to 30 days overdues fall under this category.

Stage 2

When loan that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

Loans considered credit-impaired. The Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.7.2 Methodology for calculating ECL

The Company calculates ECL based on a probability weighted outcome of factors indicated below to measure the expected cash shortfalls. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Exposure at default (EAD) – Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

Loss given default (LGD) – It is an estimate of the loss arising when the event of default occurs. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a EAD and multiplied by the expected LGD.

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Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.7.3 Forward looking information

While estimating the expected credit loss, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Inflation, Unemployment rates, Benchmark rates set by Reserve Bank of India, with the estimate of PD, LGD determined by the Company based in its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

2.7.4 Write-offs

Loans are written off in their entirety only when the Company has stopped perusing the recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-offs. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries against such loan are credited to the Statement of profit and loss.

2.7.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

2.8 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price at the measurement date that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities

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with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments** - Includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

For assets and liabilities that are recognized in the Financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.9 Foreign Currency Transactions

2.9.1 Functional and presentation currency

The Financial statements are presented in Indian Rupees (₹), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.9.2 Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings to the extent not capitalized are regarded as a cost of borrowing and presented under Finance cost.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

2.10 Leasing

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.7.5 Impairment of non-financial assets.

- **Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed

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payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

2.11 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.12 Property, Plant and Equipment (PPE)

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment.

Leasehold improvements are amortized on straight line basis over the lease term or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the Statement of profit and loss in the year the asset is derecognised.

Depreciation on property, plant and equipment (except freehold land) provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the Statement of profit and loss up to the date of sale.

The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Asset category	Useful life (in years)
Furniture & Fixture	10
Electrical fittings	10
Computers & Printers	3
Office Equipment	5
Vehicles	8

2.13 Intangible Assets and Intangible Asset under Development

2.13.1 Intangible assets

The Company's intangible assets mainly include the Computer Software. An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost.

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The Company assesses at each Balance Sheet date whether there is any indication that an intangible asset may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software - 3-6 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss. when the asset is derecognized.

2.13.2 Intangible Asset under Development

Intangible Assets under development comprises of assets which are not yet ready for their intended use and includes all direct expenses and directly attributable indirect expenses incurred for developing of assets.

Cost of developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

Cost of developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

Intangible Asset under development includes expenditure incurred by the Company towards payment to external agencies for developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure pertaining to identified project.

Development costs that are directly attributable to the design and testing of identifiable products and solutions are recognised as intangible assets when the following criteria are met:

- Management intends to and it is technically feasible to complete the project so that it will be available for use
- It can be demonstrated how the intangible asset will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- The expenditure attributable during its development can be reliably measured.

Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

2.14 Retirement and other Employee benefits

2.14.1 Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.14.2 Share-based payment arrangements

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The scheme provides that subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within the specified period.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 43.

That cost is recognized in employee benefits expense over the period in which service conditions are fulfilled, together with a corresponding increase in employee stock option plan reserve in other equity. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.14.3 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Post-employment benefits in the form of provident fund , and other funds are defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund and pension scheme. The Company recognises contribution payable to scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.14.4 Defined benefit plans

The Company has defined benefit gratuity plan. The Company's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability/asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in the balance sheet with a corresponding debit or credit to OCI (other Comprehensive Income) in the period in which they occur. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.14.5 Other long-term employee benefits

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the Statement of profit and loss.

2.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The expense relating to any provision is presented in the Statement of profit and loss net of any reimbursement.

2.16 Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.

2.17 Taxes

2.17.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid

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to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.17.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates (and tax laws) that have enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance sheet.

2.18 Earning per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

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For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The MD and CEO of the Company has been identified as the Chief Operating Decision Maker for the Company.

2.20 Contingent Liabilities and Contingent Assets

A contingent liability a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed, where an inflow of economic benefits are probable. The Company shall not recognise a contingent asset unless the recovery is virtually certain.

2.21 Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee stock option schemes.

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital reserve. Share options exercised during the reporting period are satisfied with treasury shares.

2.22 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affects the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures, , as well as the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instrument

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly

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transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial asset

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee benefit plans and cash loss contingencies. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

Share Based Payment

Estimating fair value for share-based payment transactions requires determining of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other estimates

- **Useful lives of depreciable / amortizable assets** – Management reviews its estimate of the useful lives of depreciable/amortizable asset at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.
- **Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

2.23 New standards, interpretations, and amendments:

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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(₹ in Crore unless otherwise stated)

3. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	5.28	6.56
Balance with banks		
- on current accounts	1,344.32	763.70
- deposits with original maturity of less than 3 months*	125.09	180.10
Total	**1,474.69**	**950.36**

*Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

4. Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with remaining maturity of less than 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	41.81	75.59
- lien Free Deposits	-	0.38
Deposits with remaining maturity of more than 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	36.69	38.70
- lien Free Deposits	-	-
Total	**78.50**	**114.67**

Note: Fixed deposits and other balances with banks earn interest at contractual fixed rates.

5. Trade receivables (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured considered good	13.85	14.41
Less : Impairment loss allowance	-	-
Total	**13.85**	**14.41**

Trade receivables ageing schedule as on March 31, 2024

Particulars	Outstanding for following periods from due date of payment*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	13.78	0.01	0.02	0.04	-	13.85
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-
	13.78	**0.01**	**0.02**	**0.04**	**-**	**13.85**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Trade receivables ageing schedule as on March 31, 2023

Particulars	Outstanding for following year from due date of payment*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	14.35	0.02	0.04	-	-	14.41
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-
	14.35	**0.02**	**0.04**	-	-	**14.41**

*In case of no due date of payment disclosure has been given based on the date of the transaction.

Note: No trade or other receivable are due from directors and other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivable are non-interest bearing and short term in nature, hence does not involve any significant credit risk.

6. Loans (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Term Loans:		
Joint liability loans	9,782.50	8,061.46
MSME Loans	519.91	292.76
Total - Gross	**10,302.41**	**8,354.22**
Less: Impairment loss allowance	(354.54)	(312.66)
Total - Net	**9,947.87**	**8,041.56**
(a) Secured	347.00	115.52
(b) Unsecured	9,955.41	8,238.70
Total - Gross	**10,302.41**	**8,354.22**
Less: Impairment loss allowance	(354.54)	(312.66)
Total - Net	**9,947.87**	**8,041.56**
(a) Public sector	-	-
(b) Others	10,302.41	8,354.22
Total - Gross	**10,302.41**	**8,354.22**
Less: Impairment loss allowance	(354.54)	(312.66)
Total - Net	**9,947.87**	**8,041.56**
Above amount include		
(a) Loans provided in India	10,302.41	8,354.22
(b) Loans provided outside India	-	-
Total - Gross	**10,302.41**	**8,354.22**
Less: Impairment loss allowance	(354.54)	(312.66)
Total - Net	**9,947.87**	**8,041.56**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Overview of the Loan Portfolio of the Company

The Company is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India. The table below discloses credit quality of the Company's exposures as at reporting date.

Gross portfolio movement for the year ended March 31, 2024

Particulars	Stage I*	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2023	**8,005.07**	**60.26**	**288.89**	**8,354.22**
New loans originated during the year, netted off for repayments and derecognised portfolio	2,093.59	(21.29)	195.09	2,267.39
Loans written off during the year	(0.32)	(0.11)	(318.77)	(319.20)
Movement between stages				
Transfer from stage I	(216.06)	90.90	125.16	-
Transfer from stage II	1.23	(9.68)	8.45	-
Transfer from stage III	0.62	0.95	(1.57)	-
Gross carrying value of loans as at March 31, 2024	**9,884.13**	**121.03**	**297.25**	**10,302.41**

Gross portfolio movement for the year ended March 31, 2023

Particulars	Stage I*	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2022	**5,789.02**	**131.10**	**358.43**	**6,278.55**
New loans originated during the year, netted off for repayments and derecognised portfolio	2,370.77	(64.71)	16.81	2,322.87
Loans written off during the year	-	-	(247.20)	(247.20)
Movement between stages				
Transfer from stage I	(155.40)	26.90	128.50	-
Transfer from stage II	0.50	(33.13)	32.63	-
Transfer from stage III	0.18	0.10	(0.28)	-
Gross carrying value of loans as at March 31, 2023	**8,005.07**	**60.26**	**288.89**	**8,354.22**

*Includes overdue from 1 to 30 days amounting to ₹ 7.76 crore and ₹ 4.61 crore as on March 31, 2024 and March 31, 2023 respectively.

Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Loans			Total	Other financial assets (refer note 8B)
	Stage I	Stage II	Stage III		
ECL allowance on April 01, 2023	**70.45**	**24.11**	**218.10**	**312.66**	**1.99**
New loans originated during the year, netted off for repayments and derecognised portfolio	18.42	(8.52)	147.29	157.19	3.78
Loans written off during the year	(0.32)	(0.11)	(318.77)	(319.20)	-
Movement between stages					
Transfer from stage I	(1.90)	0.80	1.10	-	-
Transfer from stage II	0.49	(3.87)	3.38	-	-
Transfer from stage III	0.47	0.72	(1.19)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(23.25)	40.12	187.02	203.89	-
ECL allowance on March 31, 2024	**64.36**	**53.25**	**236.93**	**354.54**	**5.77**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	Loans			Total	Other financial assets (refer note 8B)
	Stage I	Stage II	Stage III		
ECL allowance on April 01, 2022	**59.71**	**45.24**	**255.40**	**360.35**	**1.14**
New assets originated during the year, netted off for repayments and derecognised portfolio	24.46	(22.34)	11.97	14.09	0.85
Loans written off during the year			(247.20)	(247.20)	
Movement between stages					
Transfer from stage I	(1.60)	0.28	1.32	-	-
Transfer from stage II	0.17	(11.43)	11.26	-	-
Transfer from stage III	0.13	0.07	(0.20)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(12.42)	12.29	185.55	185.42	-
ECL allowance on March 31, 2023	**70.45**	**24.11**	**218.10**	**312.66**	**1.99**

7. Investments

Particulars	As at March 31, 2024	As at March 31, 2023
At fair value through profit and loss account :		
Investments in Unqoted debt mutual funds (HDFC charity fund for cancer cure: March 31, 2024 - 19,99,900.05 units) (March 31, 2023 -Nil units)	2.06	-
(i) Overseas investments	-	-
(ii) Investments in India	2.06	-
Total	**2.06**	**-**

8. Other financial assets (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
A. Security deposits		
Unsecured, considered good	6.98	6.04
(A)	**6.98**	**6.04**
B. Other assets		
Excess interest spread (EIS) receivable	74.93	63.54
Advances recoverable in cash or for value to be received	23.27	28.45
Less : Impairment loss allowance (refer note 6 for movement)	(5.77)	(1.99)
(B)	**92.43**	**90.00**
Total (A+B)	**99.41**	**96.04**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

9. Current tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax (net)	3.25	38.36
Total	**3.25**	**38.36**

10. Deferred tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
A. Deferred tax assets:		
Impairment allowance for financial assets	80.92	73.06
Differences of written down value of Property, plant and equipment and intangible Assets	2.59	2.06
Provision for employee benefits	5.57	5.76
Financial liabilities measured at amortised cost	1.48	1.07
Fair valuation of derivative financial instruments	-	(0.04)
EIR impact on loan portfolio	23.45	18.19
Expenses incurred on initial public offering	3.20	4.26
Other temporary difference	0.82	1.00
Total deferred tax assets	**118.03**	**105.36**
B. Deferred tax liabilities:		
Excess interest spread (EIS) receivable	(17.66)	(14.49)
Stage 3 interest income	(8.70)	(13.13)
Total deferred tax liabilities	**(26.36)**	**(27.62)**
Net deferred tax assets (A+B)	**91.67**	**77.74**

C. Movement in Deferred tax assets (net)

Particulars	As at April 01, 2023	(Charge)/credit in Statement of profit and loss for year ended March 31, 2024	Recognized in other comprehensive income for year ended March 31, 2024	Recognized in other equity for the year ended March 31, 2024	As at March 31, 2024
Assets					
Impairment allowance for financial assets	73.06	7.86	-	-	80.92
Differences of written down value of Property, plant and equipment and intangible assets	2.06	0.53	-	-	2.59
Provision for employee benefits	5.76	0.22	(0.41)	-	5.57
Financial liabilities measured at amortised cost	1.07	0.41	-	-	1.48
Fair valuation of derivative financial instruments	(0.04)	0.04	-	-	-
EIR impact on loan portfolio	18.19	5.26	-	-	23.45

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

C. Movement in Deferred tax assets (net) (Contd.)

Particulars	As at April 01, 2023	(Charge)/credit in Statement of profit and loss for year ended March 31, 2024	Recognized in other comprehensive income for year ended March 31, 2024	Recognized in other equity for the year ended March 31, 2024	As at March 31, 2024
Expenses incurred on initial public offering	4.26	(1.06)		-	3.20
Other temporary difference	1.00	(0.18)	-	-	0.82
Liabilities					
EIS receivable	(14.49)	(3.17)	-	-	(17.66)
Stage 3 interest income	(13.13)	4.43	-	-	(8.70)
Total	**77.74**	**14.34**	**(0.41)**	**-**	**91.67**

Particulars	As at April 01, 2022	(Charge)/credit in Statement of profit and loss for the year ended March 31, 2023	Recognized in Other comprehensive income for the year ended March 31, 2023	Recognized in other equity for the year ended March 31, 2023	As at March 31, 2023
Assets					
Impairment allowance for financial assets	90.04	(16.98)	-	-	73.06
Differences of written down value of Property, plant and equipment and intangible assets	1.53	0.53	-	-	2.06
Provision for employee benefits	3.61	2.26	(0.11)	-	5.76
Financial liabilities measured at amortised cost	0.64	0.43	-	-	1.07
Fair valuation of derivative financial instruments	1.94	(1.98)	-	-	(0.04)
EIR impact on loan portfolio	11.14	7.05	-	-	18.19
Expenses incurred on initial public offering	0.33	(1.40)	-	5.33	4.26
Other temporary difference	0.51	0.49	-	-	1.00
Liabilities					
EIS receivable	(10.15)	(4.34)	-	-	(14.49)
Stage 3 interest income	(12.83)	(0.30)	-	-	(13.13)
Total	**86.76**	**(14.24)**	**(0.11)**	**5.33**	**77.74**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

11. Property, plant and equipment and Capital work-in-progress

A. Property, plant and equipment

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024
Freehold Land*	-	5.02	-	5.02	-	-	-	-	5.02
Furniture and fixtures	5.12	2.32	-	7.44	2.39	0.99	-	3.38	4.06
Electrical fittings	1.33	0.42	0.18	1.57	0.72	0.21	0.16	0.77	0.80
Office equipment	4.51	2.62	0.05	7.08	2.48	1.46	0.04	3.90	3.18
Vehicles	0.35	-	-	0.35	0.21	0.05	-	0.26	0.09
Computers	12.60	4.24	0.19	16.65	8.68	3.85	0.19	12.34	4.31
Leasehold improvements	7.00	2.02	-	9.02	3.15	0.89	-	4.04	4.98
Total	**30.91**	**16.64**	**0.42**	**47.13**	**17.63**	**7.45**	**0.39**	**24.69**	**22.44**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Furniture and fixtures	3.62	1.50	-	5.12	1.67	0.72	-	2.39	2.73
Electrical fittings	1.01	0.34	0.02	1.33	0.59	0.15	0.02	0.72	0.61
Office equipment	2.97	1.61	0.07	4.51	1.46	1.09	0.07	2.48	2.03
Vehicles	0.35	-	-	0.35	0.13	0.08	-	0.21	0.14
Computers	8.90	3.82	0.12	12.60	5.44	3.36	0.12	8.68	3.92
Leasehold improvements	7.00	-	-	7.00	2.35	0.80	-	3.15	3.85
Total	**23.85**	**7.27**	**0.21**	**30.91**	**11.64**	**6.20**	**0.21**	**17.63**	**13.28**

*During the year, the Company has acquired freehold land measuring 1.5375 Acre at Village Fatehpur, Nuh in the state of Haryana. The title deed of the land is registered on the name of the Company.

B. Capital work-in-progress

Capital work-in-progress ageing schedule as at March 31, 2024

Particulars	Amount in Capital work-in-progress for a period of				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
Projects-in-progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Capital work-in-progress ageing schedule as at March 31, 2023

Particulars	Amount in Capital work-in-progress for a period of				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
Projects-in-progress	0.25	-	-	-	0.25
Projects temporarily suspended	-	-	-	-	-
Total	**0.25**	**-**	**-**	**-**	**0.25**

12 . Right of use asset

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024
Building (refer Note 53)	10.25	1.94	-	12.19	2.59	1.41	-	4.00	8.19
Vehicle (refer Note 53)	-	0.29	-	0.29	-	0.02	-	0.02	0.27
Total	**10.25**	**2.23**	**-**	**12.48**	**2.59**	**1.43**	**-**	**4.02**	**8.46**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Building (refer Note 53)	8.35	1.90	-	10.25	1.43	1.16	-	2.59	7.66
Total	**8.35**	**1.90**	**-**	**10.25**	**1.43**	**1.16**	**-**	**2.59**	**7.66**

13. Intangible assets and intangible assets under development

A. Intangible assets

Particulars	Gross carrying amount (at cost)				Amortization				Net carrying amount
	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024
Computer software	0.82	0.65	-	1.47	0.80	0.13	-	0.93	0.54
Total	**0.82**	**0.65**	**-**	**1.47**	**0.80**	**0.13**	**-**	**0.93**	**0.54**

Particulars	Gross carrying amount (at cost)				Amortization				Net carrying amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Computer software	0.82	-	-	0.82	0.75	0.05	-	0.80	0.02
Total	**0.82**	**-**	**-**	**0.82**	**0.75**	**0.05**	**-**	**0.80**	**0.02**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

B. Intangible assets under development

Intangible assets under development ageing schedule as at March 31, 2024

Particulars	Amount in Capital work-in-progress for a period of				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Projects-in-Progress	2.18	-	-	-	2.18
Projects temporarily suspended	-	-	-	-	-
Total	**2.18**	**-**	**-**	**-**	**2.18**

Intangible assets under development ageing schedule as at March 31, 2023

Particulars	Amount in Capital work-in-progress for a period of				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Projects-in-Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

14. Other non-financial assets (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Pre-paid expenses	4.32	3.73
Others*	25.08	5.32
Total	**29.40**	**9.05**

*includes payment made for loan installment to lenders in advance.

15. Derivative financial instrument

Particulars	As at March 31, 2024	As at March 31, 2023
Derivatives not designated as hedges		
A. Derivatives Financial Asset		
Currency and Interest rate swaps	-	0.14
Total	**-**	**0.14**
B. Derivatives Financial Liability		
Currency and Interest rate swaps	0.01	-
Total	**0.01**	**-**

The Company enters into derivatives for risk management purposes. Derivatives (i.e., currency and interest rate swaps) held for risk management purposes include hedges that are economic hedges, but the company has elected not to apply hedge accounting requirements.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

The Company has entered into currency and interest rate swaps to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing (ECB) denominated in EURO as follows:-:

Currency Swap: The Company has a currency swap agreement whereby it has hedged the risk of changes in foreign exchange rates relating to the cash outflow arising on settlement of its ECB.

Interest rate Swap: The Company has an interest rate swap agreement whereby the Company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate. The swap is being used to hedge the exposure to changes in the variable interest rate.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts

Particulars	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value - Assets	Fair Value -Liabilities	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
Currency and Interest rate derivatives:						
Currency and Interest rate swaps	89.04	-	0.01	89.04	0.14	-
Total	**89.04**	**-**	**0.01**	**89.04**	**0.14**	**-**

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

16. Trade Payables (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Total outstanding dues to micro enterprises and small enterprises (refer Note 40)	1.84	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	65.89	71.63
Total	**67.73**	**71.63**

Trade payables ageing schedule as on March 31 2024

Particulars	Outstanding for following period from due date of payment #				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	1.84	-	-	-	1.84
(ii) Others	57.96	7.93	-	-	65.89
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	59.80	**7.93**	**-**	**-**	**67.73**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Trade payables ageing schedule as on March 31 2023

Particulars	Outstanding for following period from due date of payment #				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	71.57	0.05	-	0.01	71.63
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	71.57	**0.05**	**-**	**0.01**	**71.63**

In case where due date of payment is not specified, disclosure has been given based on the date of the transaction.

17. Debt Securities (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-convertible debentures (Secured by book debts)*	189.93	510.55
Non-convertible debentures (Unsecured)**	11.66	118.25
Total	**201.59**	**628.80**
Debt securities in India	201.59	628.80
Debt securities outside India	-	-
Total	**201.59**	**628.80**

*The borrowings are secured by hypothecation of book debts and margin money deposits and fixed deposits.
** includes as at March 31, 2024 is Nil (March 31, 2023 : ₹ 23.29 crore) due to related party (refer note 44 for more details)
Information about the Company's exposure to credit and market risks are included in Note no. 47 and 49 respectively.

Terms of Debt securities	Number of debentures		Amount	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Secured				
10.70% secured rated unlisted redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. March 16, 2018 [ROI revised from 12.94% effective from March 16, 2021]	-	315	-	31.50
10.70% Secured rated unlisted redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. March 16, 2018 [ROI revised from 12.71% effective from March 16, 2021]	-	315	-	31.50
11.90% secured, rated, listed, unsubordinated, transferable, redeemable, non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 10, 2020	-	100	-	10.00
11.90% (RBI repo rate + credit spread) secured rated listed taxable transferable redeemable non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e.June 19, 2020 [ROI revised from 11.40% effective from June 19, 2022]	-	300	-	5.00

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for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Terms of Debt securities	Number of debentures		Amount	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
11.25% secured rated listed redeemable non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 30, 2020	-	200	-	19.99
11.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. July 29, 2020	-	200	-	19.96
11.25% secured rated, listed, redeemable non-convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 32 months from the date of allotment i.e. July 31, 2020	-	250	-	25.00
11.25% secured rated listed taxable redeemable non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. December 23, 2020	-	500	-	49.99
11.15% secured rated listed redeemable transferable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 71 months and 27 Calendar Days (Subject to exercise of put/call option at the end of 35 months and 26 Calendar Days) from the date of allotment i.e. March 10, 2021	-	700	-	69.96
11.00% secured rated listed redeemable non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. March 18, 2021	-	500	-	49.98
9.54% rated unlisted senior secured redeemable taxable, transferable non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 48 months from the date of allotment i.e. March 30, 2021	600	600	44.97	52.72
10.35% Secured rated Unlisted redeemable non convertible debenture of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 60 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e.May 04, 2022	1,450	1,450	144.96	144.95
Sub Total			**189.93**	**510.55**
Unsecured				
11.53% Unsecured rated unlisted redeemable non convertible debentures of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put option at the end of 12 months and Put/call Option at the end of 36 months) from the date of allotment i.e. 02 November, 2020	-	750	-	74.97
10.50% Rated, Listed, Unsecured, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures of face value of ₹ 10,00,000/- each redeemable at par at the end of 24 Months (Subject to exercise of put option at the end of 12 months) from the date of allotment i.e. December 21, 2021	-	450	-	19.99
11.05% Senior, unsecured rated unlisted transferable redeemable non convertible debentrues of ₹100,000 each redeemable at par at the end of 32 months and 12 days from the date of allotment i.e. April 19, 2022	3,500	3,500	11.66	23.29
Sub Total			**11.66**	**118.25**
Total			**201.59**	**628.80**

Note: Above mentioned interest rates are net of applicable TDS

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

18. Borrowings - other than debt securities (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Term loans		
(i) from banks	7,287.39	4,957.10
(ii) from other parties	983.44	990.40
(b) External commercial borrowings	90.09	89.11
Total	**8,360.92**	**6,036.61**
Borrowings in India	8,270.83	5,947.50
Borrowings outside India	90.09	89.11
Total	**8,360.92**	**6,036.61**
Secured*	8,360.92	5,997.00
Unsecured	-	39.61
Total	**8,360.92**	**6,036.61**

*The secured borrowings are secured by hypothecation of book debts, margin money deposits and fixed deposits.

19. Subordinated Liabilities (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
from banks	-	30.00
from other than banks	53.39	82.99
Total	**53.39**	**112.99**
Subordinated liabilities in form of Non-convertible debentures*	53.39	82.99
Subordinated liabilities in form of term loan	-	30.00
Total	**53.39**	**112.99**
Subordinated liabilities in India	53.39	112.99
Subordinated liabilities outside India	-	-
Total	**53.39**	**112.99**

* includes as at March 31, 2024 is Nil (March 31, 2023 ₹ 24.53 crore) due to related party (refer note 44 for more details)

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Terms of Non-convertible debentures	Number of debentures		Amount	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
13.90% Unsecured, Subordinated Rated, Redeemable, Listed Non-convertible Debentures of face value of ₹10,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e. March 31, 2018	-	300	-	29.95
12.11% Unsecured Subordinated, Tier II Rated, Unlisted Taxable Redeemable Non-Convertible Debenture of face value of ₹1,00,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e. March 31, 2022	30	30	28.77	28.51
13.00% Unsecured, Rated, Redeemable, Transferable, Unlisted Subordinated Non-Convertible Debenture of face value of ₹10,00,000 each redeemable at par at the end of 63 months from the date of allotment i.e. March 31, 2022	250	250	24.62	24.53
Total			**53.39**	**82.99**

Note : The Company has not defaulted in repayment of borrowing / interest during the current year and previous year with respect to Debt Securities (Note 17), Borrowings - other than debt securities (Note 18) and Subordinated liabilities (Note 19)

17A, 18A and 19A Terms of Principal Repayment of Debt Securities/Borrowings/Subordinated Liabilities as on March 31, 2024

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
A) Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	07.01% -07.50%	12	37.56	10	31.14	-	-	-	-	-	-	-	-	68.70
	08.51% - 09.00%	12	74.42	12	60.00	-	-	-	-	-	-	-	-	134.42
	09.01% - 09.50%	12	127.86	12	74.76	-	-	-	-	-	-	-	-	202.62
	09.51% - 10.00%	12	2,337.88	12	1,631.80	9	151.52	-	-	-	-	-	-	4,121.20
	10.01% - 10.50%	12	767.71	5	92.22	-	-	-	-	-	-	-	-	859.93
	10.51% - 11.00%	12	286.31	8	68.00	-	-	-	-	-	-	-	-	354.31
	11.01% - 11.50%	6	33.42	-	-	-	-	-	-	-	-	-	-	33.42
Above 3 Years	11.51% - 12.00%	8	22.23	-	-	-	-	-	-	-	-	-	-	22.23
Quarterly														
Upto 3 Years	09.01% - 09.50%	8	124.63	4	105.62	-	-	-	-	-	-	-	-	230.25
	09.51% - 10.00%	12	425.71	12	375.71	7	97.57	-	-	-	-	-	-	898.99
	10.01% - 10.50%	12	658.88	9	228.71	-	-	-	-	-	-	-	-	887.59
	10.51% - 11.00%	6	131.51	-	-	-	-	-	-	-	-	-	-	131.51
	11.01% - 11.50%	4	68.75	-	-	-	-	-	-	-	-	-	-	68.75
	11.51% - 12.00%	2	5.00	-	-	-	-	-	-	-	-	-	-	5.00
Above 3 Years	09.51% - 10.00%	4	44.00	4	41.50	3	24.00	-	-	-	-	-	-	109.50
Half Yearly														
Above 3 Years	11.01% - 11.50%	2	8.00	1	2.00	-	-	-	-	-	-	-	-	10.00

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

17A, 18A and 19A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2024 (contd.)

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
Bullet Repayment														
Upto 3 Years	07.51% - 08.00%	-	-	-	-	1	150.00	-	-	-	-	-	-	150.00
EIR Impact														(17.59)
	Sub Total (A)	**136**	**5,153.87**	**89**	**2,711.46**	**20**	**423.09**	**-**	**-**	**-**	**-**	**-**	**-**	**8,270.83**
(B) Debt securities														
Bi-Monthly														
Above 3 Years	11.01% - 11.50%	6	45.00	-	-	-	-	-	-	-	-	-	-	45.00
Yearly														
Upto 3 Years	11.01% - 11.50%	1	11.67	-	-	-	-	-	-	-	-	-	-	11.67
Bullet Repayment														
Upto 3 Years	13.01% - 13.50%	-	-	1	145.00	-	-	-	-	-	-	-	-	145.00
EIR Impact														(0.08)
	Sub Total (B)	**7**	**56.67**	**1**	**145.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**201.59**
(C) ECB														
Bullet Repayment	11.01% - 11.50%	1	90.10	-	-	-	-	-	-	-	-	-	-	90.10
EIR Impact														(0.01)
	Sub Total (C)	**1**	**90.10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90.09**
(D) Sub-Debt														
Bullet Repayment														
Above 3 Years	12.51% - 13.00%	-	-	-	-	-	-	1	30.00	-	-	-	-	30.00
	13.51% - 14.00%	-	-	-	-	-	-	1	25.00	-	-	-	-	25.00
EIR Impact														(1.61)
	Sub Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**55.00**	**-**	**-**	**-**	**-**	**53.39**
	Total	**144**	**5,300.64**	**90**	**2,856.46**	**20**	**423.09**	**2**	**55.00**	**-**	**-**	**-**	**-**	**8,615.90**

17A, 18A and 19A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2023

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
A) Borrowings (other than debt securities)														
Monthly														
Below 3 Years	07.01% -07.50%	10	31.30	12	37.56	10	31.14	-	-	-	-	-	-	100.00
	08.51% - 09.00%	12	199.14	4	25.12	-	-	-	-	-	-	-	-	224.26
	09.01% - 09.50%	12	336.06	12	117.16	5	7.42	-	-	-	-	-	-	460.64
	09.51% - 10.00%	12	898.14	12	536.03	12	25.76	-	-	-	-	-	-	1,459.93
	10.01% - 10.50%	12	825.44	12	417.08	9	86.35	-	-	-	-	-	-	1,328.87
	10.51% - 11.00%	12	221.28	9	104.17	-	-	-	-	-	-	-	-	325.45
	11.01% - 11.50%	12	96.02	6	26.22	-	-	-	-	-	-	-	-	122.24
	12.51% - 13.00%	12	33.63	2	6.04	-	-	-	-	-	-	-	-	39.67

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

17A, 18A and 19A Terms of Principal Repayment of Debt Securities/Borrowings/Subordinated Liabilities as on March 31, 2023

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
Above 3 Years	10.01% - 10.50%	6	8.31			-	-			-	-	-	-	8.31
	10.51% - 11.00%	12	33.33	8	22.22	-	-	-	-	-	-	-	-	55.55
Quarterly														
Upto 3 Years	08.51% - 09.00%	8	58.20	8	53.20	1	4.50							115.90
	09.01% - 09.50%	12	150.18	7	65.23	2	18.10	-	-	-	-	-	-	233.51
	09.51% - 10.00%	8	227.69	8	117.85	4	6.28	-	-	-	-	-	-	351.82
	10.01% - 10.50%	12	366.20	11	250.20	1	3.75	-	-	-	-	-	-	620.15
	10.51% - 11.00%	12	188.04	9	100.09	-	-	-		-	-	-	-	288.13
	11.01% - 11.50%	3	6.06					-	-	-	-	-	-	6.06
Above 3 Years	09.51% - 10.00%	4	87.75	4	44.00	4	41.50	3	24.00	-	-	-	-	197.25
	10.01% - 10.50%	1	0.54					-	-	-	-	-	-	0.54
Half Yearly														
Above 3 Years	11.01% - 11.50%	2	8.00	2	8.00	1	2.00	-	-	-	-	-	-	18.00
	11.51% - 12.00%	2	6.00	-	-	-	-	-	-	-	-	-	-	6.00
EIR Impact														(14.86)
	Sub Total (A)	**176**	**3,781.31**	**126**	**1,930.17**	**49**	**226.80**	**3**	**24.00**	**-**	**-**	**-**	**-**	**5,947.42**
(B) Debt securities														
Bi-Monthly														
Above 3 Years	10.01% - 10.50%			6	45.00							-	-	45.00
Quarterly														
Upto 3 Years	10.01% - 10.50%	3	20.00									-	-	20.00
Half Yearly														
Upto 3 Years	10.01% - 10.50%	2	7.80											7.80
	11.51% - 12.00%	1	5.00									-	-	5.00
Yearly														
Upto 3 Years	11.01% - 11.50%	1	11.66	1	11.67							-	-	23.33
Bullet Repay-ment														
Upto 3 Years	10.51% - 11.00%					1	145.00							145.00
	11.01% - 11.50%	3	65.00											65.00
	11.51% - 12.00%	3	180.00											180.00
	12.01% - 12.50%	1	75.00											75.00
Above 3 Years	11.01% - 11.50%	1	31.50	-	-	-	-	-	-	-	-	-	-	31.50
	11.51% - 12.00%	1	31.50	-	-	-	-	-	-	-	-	-	-	31.50
EIR Impact														(0.33)
	Sub Total (B)	**16**	**427.46**	**7**	**56.67**	**1**	**145.00**	**-**	**-**	**-**	**-**	**-**	**-**	**628.80**
(C) Vehicle														
Upto 3 Years	7.51% - 8.00%	10	0.08	-	-	-	-	-	-	-	-	-	-	0.08
EIR Impact														-
	Sub Total (C)	**10**	**0.08**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.08**

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for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

17A, 18A and 19A Terms of Principal Repayment of Debt Securities/Borrowings/Subordinated Liabilities as on March 31, 2023

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
(D) ECB														
Bullet Repayment	11.01% - 11.50%	-	-	1	89.27	-	-	-	-	-	-	-	-	89.27
EIR Impact														(0.16)
	Sub Total (D)	**-**	**-**	**1**	**89.27**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**89.11**
(E) Sub-Debt														
Bullet Repayment														
Above 3 Years	12.01% - 12.50%	-	-	-	-	-	-	-	-	1	30.00	-	-	30.00
	12.51% - 13.00%	-	-	-	-	-	-	-	-	1	25.00	-	-	25.00
	13.51% - 14.00%	1	30.00	-	-	-	-	-	-	-	-	-	-	30.00
	14.01% - 14.50%	1	30.00	-	-	-	-	-	-	-	-	-	-	30.00
EIR Impact														(2.01)
	Sub Total (E)	**2**	**60.00**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**55.00**	**-**	**-**	**112.99**
	TOTAL	**204**	**4,268.85**	**134**	**2,076.11**	**50**	**371.80**	**3**	**24.00**	**2**	**55.00**	**-**	**-**	**6,778.40**

20. Other Financial Liabilities (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Payable towards assigned portfolio	136.82	108.56
Interest accrued but not due on borrowings	21.29	28.48
Lease Liabilities (refer note 53)	10.48	9.39
Other payable	7.80	10.49
Total	**176.39**	**156.92**

21. Current Tax Liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net)	-	0.71
Total	**-**	**0.71**

22. Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (refer note 39)	0.32	1.29
Provision for compensated absence (refer note 39)	6.91	5.63
Provision for other contingencies*	3.31	3.98
Total	**10.54**	**10.90**

*includes provision for cash loss & employee contingency

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Movement of provision for other contingencies

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Carrying value as at beginning of the year (a)	3.98	2.03
Additional provisions made during the year (b)	1.87	3.78
Amount used during the year (c)	0.94	0.83
Unused amount reversed during the year (d)	1.60	1.00
Carrying value as at end of the year (a+b-c-d)	**3.31**	**3.98**

23. Other Non-Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	15.98	10.59
Others	39.62	12.47
Total	**55.60**	**23.06**

24. Share Capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised share capital		
Equity shares		
March 31, 2024: 10,50,00,000 (March 31, 2023 : 10,50,00,000) equity shares of ₹ 10 each	105.00	105.00
Total	**105.00**	**105.00**

25. Equity Share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Issued, subscribed and paid-up		
Equity shares		
Fully paid up		
March 31, 2024: 10,10,23,885 (March 31, 2023 : 10,06,30,735) equity shares of ₹ 10 each fully paid up	101.02	100.63
Less: treasury shares	(0.40)	(0.28)
Total	**100.62**	**100.35**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

a. The reconciliation of the number of equity shares outstanding as at the beginning and the end of the reporting year is set out below:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year				
Fully paid up	10,06,30,735	100.63	8,43,26,388	84.33
Movement during the year				
Allotted to Fusion employee benefit trust	3,93,150	0.39	-	-
Issued during the year (fully paid up) (Refer Note 25 g)	-	-	1,63,04,347	16.30
At the end of the year (A)	**10,10,23,885**	**101.02**	**10,06,30,735**	**100.63**
Treasury shares				
At the commencement of the year	(2,85,266)	(0.28)	(15,65,985)	(1.56)
Issued for cash on exercise of share options	2,74,536	0.27	12,80,719	1.28
Allotted to Fusion employee benefit trust	(3,93,150)	(0.39)	-	-
At the end of the year (B)	**(4,03,880)**	**(0.40)**	**(2,85,266)**	**(0.28)**
At the end of the year (A+B)	**10,06,20,005**	**100.62**	**10,03,45,469**	**100.35**

b. Rights, preferences and restrictions attached to equity shares :

The Company has single class of equity shares having a par value of ₹ 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	Number of shares	% of Holding	Number of shares	% of Holding
Creation Investments Fusion II ,LLC, Chicago, U.S.A.	99,54,529	9.85%	99,54,529	9.89%
Creation Investments Fusion,LLC, Chicago, U.S.A.	1,00,29,720	9.93%	1,39,21,043	13.83%
Honey Rose Investment Ltd, Mauritius	3,31,64,881	32.83%	3,96,22,730	39.37%
Total	**5,31,49,130**	**52.61%**	**6,34,98,302**	**63.09%**

d. Shares held by promoters at the end of the year

Name of the Promoter	As at March 31, 2024			As at March 31, 2023		
	Number of shares	% of Holding	% Change during the year	Number of shares	% of Holding	% Change during year
Promoter						
Devesh Sachdev	49,41,314	4.89%	0.79%	49,02,414	4.87%	(11.72%)
Creation Investments Fusion II, LLC	99,54,529	9.85%	0.00%	99,54,529	9.89%	0.00%
Creation Investments Fusion, LLC	1,00,29,720	9.93%	(27.95%)	1,39,21,043	13.83%	(9.14%)
Honey Rose Investment Ltd	3,31,64,881	32.83%	(16.30%)	3,96,22,730	39.37%	(3.41%)

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

e. Particulars of shares reserved for issue under employee stock options

Particulars	Number of shares	
	As at March 31, 2024	As at March 31, 2023
Under Employee Stock Option Plans*	19,59,304	23,52,454

*a) With reference to the amendment agreement dated December 17, 2019 to the Shareholder's agreement dated September 10, 2018, the Company will institute an employee stock option plan, pursuant to which it will grant and allot 1,352,454 equity shares of the Company to certain identified employees out of which 3,93,150 shares have been issued to Fusion Employee Benefit Trust during the current year.

b) With reference to the special resolution passed by the shareholders dated March 26,2023, the Company will institute an employee stock option plan, pursuant to which it will grant and allot 1,000,000 equity shares of the Company to certain identified employees.

f. No share was allotted without payment being received in cash during the year ended March 31, 2024 and year ended March 31, 2023

g. During the previous 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 ₹569.37 crore (net off share issue expenses ₹30.64 crore) from proceeds of fresh issue of equity shares. The Company had utilised entire proceeds of ₹569.37 crore (in addition, the interest of ₹4.04 crore earned on fixed deposit made out of IPO proceeds) towards augmenting the capital base of the Company and to fund the growth and expansion of the Company during the previous year.

The share issue expenses of ₹30.64 crore (₹25.32 crore net of tax) pertain to fresh issue of shares during the previous year ended March 31, 2023 has been charged off to Securities premium as per the Section 52 of Companies Act, 2013. (Refer Note 26)

26. Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory reserve		
Balance as at the beginning of the year	122.81	45.38
Add: Amount transferred from retained earnings	101.06	77.43
Balance as at the end of the year	**223.87**	**122.81**
Securities premium		
Balance as at the beginning of the year	1,641.64	1,070.88
Add: On issue of shares (Refer Note 25 g)	-	583.69
Add: Exercise of share options	4.77	12.39
Add: Issue of share options to Trust	11.50	-
Less : Amount utilised towards share issue expenses (Refer Note 25 g)	-	(25.32)
Balance as at the end of the year	**1,657.91**	**1,641.64**
Treasury Shares #		
Balance as at the beginning of the year	(4.10)	(12.67)
Add: Exercise of share options	3.95	8.57
Less: Issue of share options to Trust	(11.50)	-
Balance as at the end of the year	**(11.65)**	**(4.10)**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

26. Other Equity (Contd.)

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings		
Balance as at the beginning of the year	452.06	141.21
Add: Profit for the year	505.29	387.15
Add: Stock options lapsed	0.15	1.13
Less : Amount transferred to statutory reserve	(101.06)	(77.43)
Balance as at the end of the year	**856.44**	**452.06**
Employee stock option plan reserve		
Balance as at the beginning of the year	7.97	9.51
Add: Share based compensation	13.11	6.72
Add: Exercise of stock options	(2.39)	(7.13)
Less: Lapse of stock options	(0.15)	(1.13)
Balance as at the end of the year	**18.54**	**7.97**
Other comprehensive income		
Remeasurement of defined benefit plans (gain/(loss))		
Balance as at the beginning of the year	1.19	0.88
Other comprehensive income for the year	1.23	0.31
Balance as at the end of the year	**2.42**	**1.19**
Total other equity	**2,747.53**	**2,221.57**

Nature and purpose of other reserve :

Treasury shares excludes amount adjusted from equity share capital.

Statutory reserve

The said reserve has been created under section 45-IC of Reserve Bank of India Act, 1934. As per the said section, every Non-banking financial Company shall create a reserve fund and transfer a sum of not less than 20% of net profit every year before declaration of dividend.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Treasury Shares

Treasury shares represents shares held by ESOP trust. The Company treats ESOP trust as its extension and shares held by ESOP trust are treated as treasury shares. Treasury share amount excluding amount adjusted from equity share capital are recognized under this head. Exercise price received on equity share issued in excess of face value of share capital against share option exercised are adjusted from treasury shares.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to statutory reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

Employee stock option plan reserve

The said amount is used to recognise the grant date fair value of options issued to employees by the Company.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses on defined benefit obligations

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

27. Interest Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On financial asset measured at amortized cost		
Interest income on loan portfolio	2,086.63	1,589.99
Interest on deposits with banks	5.27	10.11
Total	**2,091.90**	**1,600.10**

28. Fees and Commission Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Facilitation fees	41.67	19.58
Income from business correspondence services	-	-
Total	**41.67**	**19.58**

29. Net Gain on Fair Value Changes

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
- On trading portfolio		
Net gain on sale of mutual fund investments	52.80	25.38
- Others		
Unrealised gain on mutual fund investments	0.06	-
Total	**52.86**	**25.38**
Fair value changes :		
- Realised	52.80	25.38
- Unrealised	0.06	-
Total	**52.86**	**25.38**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

30. Net Gain on Derecognition of Financial Instruments Under Amortised Cost Category

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Gain on derecognition of financial instruments (refer note 46)	130.30	96.86
Total	**130.30**	**96.86**

31. Other Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Market support income	60.53	37.64
Recovery of loans written off	26.81	17.99
Miscellaneous income	8.35	2.42
Total	**95.69**	**58.05**

32. Finance Cost

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On financial liabilities measured at amortized cost		
Interest on debt securities	65.58	81.82
Interest on borrowings (other than debt securities)	704.36	537.96
Interest on subordinated liabilities	11.80	22.16
Interest on lease liability	0.99	1.02
Other interest expense:		
Net (gain)/loss on fair value of derivative contracts measured at fair value through profit or loss	0.14	(7.85)
Net (gain)/loss on foreign currency transaction and translation on external commercial borrowing	0.83	4.62
Other Finance Cost	7.13	3.05
Total	**790.83**	**642.78**

33. Impairment on Financial Instruments

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On financial assets measured at amortised cost		
Impairment on loan portfolio	361.08	199.51
Other financial assets	3.78	0.86
Total	**364.86**	**200.37**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

34. Employee Benefit Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	373.71	288.81
Contribution to provident and other funds	25.04	19.25
Share based compensation expense	13.11	6.72
Staff welfare expenses	19.36	10.74
Total	**431.22**	**325.52**

35. Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent (refer note 53)	23.30	18.83
Travelling and conveyance	34.02	18.91
Legal and professional fees*	9.36	9.31
Rates and taxes	12.59	9.12
Office maintenance	18.61	16.13
Water and electricity	4.84	4.23
Staff recruitment and training	2.50	1.71
Insurance	4.76	3.28
Corporate social responsibility #	3.65	1.55
Software support service	13.85	9.91
Business promotion	0.57	0.27
Lodging and boarding	1.76	2.51
Cash management services	13.76	8.11
Credit bureaue expenses	3.96	2.94
Membership fees	0.66	0.70
Miscellaneous expenses	5.05	4.40
Total	**153.24**	**111.91**
Includes payment to auditors*		
Audit fees	1.00	0.85
Certification and other services	0.06	0.19
Reimbursement of expenses	0.06	0.04
Total	**1.12**	**1.08**

Notes to the Financial Statements
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(₹ in Crore unless otherwise stated)

35. Other Expenses (contd.)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
# Details of corporate social responsibility expenditure		
a) Gross amount required to be spent by the Company for respective financial year	3.65	0.99
b) Amount approved by the board to be spent during the year	3.65	1.55
c) Amount spent during the year :		
i) construction/acquisition of any asset	-	-
ii) on purposes other than (i) above	3.65	1.55
d) (Shortfall) / Excess at the end of the year	-	0.56
e) Total of previous years (shortfall) / excess	0.56	-
f) Details of related party transactions	-	-
g) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA
h) Reason for shortfall	NA	NA
For the year ending March 31, 2024 & March 31, 2023; the company has spent in below project as per schedule VII of the Companies Act, 2013		
Nature of CSR activities:		
a) abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water.	1.41	0.61
b) improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.	1.30	0.42
c) Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.	0.24	0.16
d) Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	0.20	0.14
e) Disaster management, including relief, rehabilitation and reconstruction activities.	0.37	0.19
f) Rural development projects	0.10	-
	3.62	**1.52**
Expenditure on administrative overheads	0.03	0.03
	3.65	**1.55**

Notes to the Financial Statements
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(₹ in Crore unless otherwise stated)

36. Income tax

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a. Income tax expense in the statement of profit and loss consist of:		
Current income tax:		
Income tax	172.30	110.60
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	(14.33)	14.23
Income tax expense reported in the statement of profit or loss	**157.97**	**124.83**
Income tax recognised in other comprehensive income		
Deferred tax arising on remeasurement gains on defined benefit plan	0.41	0.11
Total income tax expense	**158.38**	**124.94**

Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurement of the net defined benefit (liability)/asset	1.64	(0.41)	1.23	0.42	(0.11)	0.31
Total	**1.64**	**(0.41)**	**1.23**	**0.42**	**(0.11)**	**0.31**

Note : The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act. 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019

b. Reconciliation of total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31,2024 and March 31, 2023 is as follows:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit before tax	25.17%	663.26	25.17%	511.98
Computed tax expense		166.93		128.86
Effect of:				
Non-deductible expenses		0.92		2.07
Deduction under chapter VI-A (Section 80JJA of Income Tax Act)		(9.12)		(6.10)
Others		(0.76)		-
Income tax expense reported in the Statement of profit and loss		**157.97**		**124.83**

Notes to the Financial Statements
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(₹ in Crore unless otherwise stated)

37. Earning Per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Basic earning per share		
Profit for the year before Other comprehensive income as per the Statement of profit and loss	505.29	387.15
Profit after tax for calculation of basic EPS and diluted EPS	505.29	387.15
Weighted average number of equity shares outstanding at the year ended	10,04,57,484	8,94,20,927
b) Diluted earning per share		
Profit for the year before Other comprehensive income as per the Statement of profit and loss	505.29	387.15
Weighted average number of equity shares outstanding during the year - basic	10,04,57,484	8,94,20,927
Add: Weighted average number of potential equity shares on account of employee stock options	3,69,973	3,42,642
Weighted average number of equity shares outstanding at the year ended - diluted	10,08,27,457	8,97,63,569
Earning per share		
Basic - par value of ₹ 10 each	**50.30**	**43.29**
Diluted - par value of ₹ 10 each	**50.11**	**43.13**

38. Segment Reporting

The Managing Director(MD) and Chief Executive Officer(CEO) of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker (CODM).

The Company operates under the principal business segment viz. micro financing activities in India. The CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided. There are no individual customer contributing more than 10% of Company's total revenue. There are no operation outside India and hence there is no external revenue or assets which require disclosure.

39. Employee Benefit Plan

The Company operates the following post-employment plans -

i. Defined contribution plan

The Company makes contribution, determined as a specified percentage of employees salaries, in respect of qualified employees towards provident fund and other funds which are defined contribution plans. The Company has no obligation other than this to make the specified contribution. The contribution is charged to the Statement of profit and loss as they accrue.

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for the year ended March 31, 2024

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Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Contribution to provident funds	20.26	15.53
Contribution to employee state insurance	4.45	3.48
National pension scheme	0.21	0.16
Labour welfare fund	0.12	0.08
Total	**25.04**	**19.25**

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service as per The Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2024. The present value of the defined benefit obligations and the related current service cost and past year service cost, were measured using the projected unit credit method.

The following tables summarized the components of net benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation	14.37	11.82
Fair value of plan assets	14.05	10.51
Net defined benefit liability/(asset)	**0.32**	**1.31**

Amount recognized in the statement of profit and loss is as under:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	3.64	3.10
Net interest cost/(income) on the net defined benefit liability/(asset)	0.08	0.02
Expenses recognized in the statement of profit and loss	**3.72**	**3.12**

Amount recognized in the other comprehensive income:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial gain/(loss) recognized during the year	1.64	0.42
	1.64	**0.42**

(a) Funding

The scheme is fully funded with Kotak Gratuity Group Plan. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. Employees do not contribute to the plan.

Expected contribution to gratuity plan for next year as on March 31 2024 is ₹ 4.60 crore and ₹ 4.87 crore for March 31, 2023.

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(₹ in Crore unless otherwise stated)

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	As at March 31, 2024			As at March 31, 2023		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	11.82	10.51	1.31	9.48	9.11	0.37
Included in profit or loss						-
Current service cost	3.64	-	3.64	3.10	-	3.10
Interest cost (income)	0.86	0.78	0.08	0.58	0.56	0.02
Total	**4.50**	**0.78**	**3.72**	**3.68**	**0.56**	**3.12**
Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:	-					-
- demographic assumptions	(0.41)	-	(0.41)	(0.77)	-	(0.77)
- financial assumptions	0.07	-	0.07	0.51	-	0.51
- experience adjustment	(0.54)	-	(0.54)	(0.47)	-	(0.47)
-Return on plan assets excluding interest income	-	0.76	(0.76)	-	(0.31)	0.31
Total	**(0.88)**	**0.76**	**(1.64)**	**(0.73)**	**(0.31)**	**(0.42)**
Other						
Contribution paid by the employer	-	2.00	(2.00)	-	1.16	(1.16)
Benefits paid	(1.07)	-	(1.07)	(0.61)	(0.00)	(0.60)
Total	**(1.07)**	**2.00**	**(3.07)**	**(0.61)**	**1.16**	**(1.76)**
Balance at the end of the year	**14.37**	**14.05**	**0.32**	**11.82**	**10.51**	**1.31**

(c) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at March 31, 2024	As at March 31, 2023
Investment with Kotak gratuity group plan	**100%**	**100%**

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

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(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.15%	7.25%
Future long term salary growth	12.00%	12.00%
Withdrawal rate	28.00%	26.00%
Retirement age (in years)	60.00	60.00
Expected rate of return on plan assets	7.15%	7.25%
Mortality	100% of IALM 2012-14	100% of IALM 2012-14

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Particulars	As at March 31, 2024		As at March 31, 2023	
	Impact on defined benefit obligation		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	13.79	14.99	11.30	12.38
Salary growth rate (1.00% movement)	14.96	13.80	12.35	11.32
Attrition rate (1.00% movement)	14.18	14.57	11.65	11.99
Mortality rate (10.00% movement)	**14.36**	**14.37**	**11.82**	**11.82**

(f) Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2024	As at March 31, 2023
1 year	2.98	2.14
Between 2-5 years	9.28	7.53
Between 6-10 years	5.51	4.88
Over 10 years	2.52	2.77
Total	**20.29**	**17.32**

As at March 31, 2024, the weighted-average duration of the defined benefit obligation was 4 years (March 31, 2023 - 4 years).

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such the Company is exposed to various risks as follows -

Interest rate risk : The plan exposes the Company to the risk of fall in interest rate. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liablity.

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

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Salary increases : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Investment risk : The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Discount rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

iii. Compensated absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future periods. Amount recognised in the Statement of profit and loss for compensated absences is as under-

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Amount recognised in the Statement of profit and loss	3.43	2.75

Amount recognised in the Balance sheet:	As at March 31, 2024	As at March 31, 2023
Present value of obligation as at the end	**6.91**	**5.63**

iv. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

40. Amount Payable to Micro Small and Medium Enterprises

The Ministry of Micro Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the 'entrepreneurs memorandum number' as allotted after filling of the memorandum. Accordingly, the disclosure have been mentioned below in respect of the amount payable to such enterprises as at March 31, 2024 (refer note 16) based on information received and available with the Company.

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Particulars	As at March 31, 2024	As at March 31, 2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	1.84	-
(ii) the amount of interest paid by the Group in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

41. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	1,474.69	-	1,474.69	950.36	-	950.36
Bank balance other than cash and cash equivalents	41.81	36.69	78.50	75.97	38.70	114.67
Trade receivables	13.85	-	13.85	14.41	-	14.41
Loans	6,147.23	3,800.64	9,947.87	5,040.91	3,000.65	8,041.56
Investments	0.06	2.00	2.06	-	-	-
Other financial assets	94.39	5.02	99.41	91.47	4.57	96.04
Derivative financial instrument	-	-	-	(0.78)	0.92	0.14
Non-financial assets						
Current tax assets (net)	3.25	-	3.25	-	38.36	38.36
Deferred tax assets (net)	-	91.67	91.67	-	77.74	77.74
Property, plant and equipment	-	22.44	22.44	-	13.28	13.28
Capital work-in-progress	-	-	-	0.25	-	0.25
Right of use asset	-	8.46	8.46	-	7.66	7.66
Intangible assets	-	0.54	0.54	-	0.02	0.02

Notes to the Financial Statements
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Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Intangible assets under development	-	2.18	2.18	-	-	-
Other non financial assets	29.12	0.28	29.40	9.04	0.01	9.05
Total Assets	**7,804.40**	**3,969.92**	**11,774.32**	**6,181.63**	**3,181.91**	**9,363.54**
Liabilities						
Financial liabilities						
Derivative financial instrument	0.01	-	0.01	-	-	-
Trade payables	67.73	-	67.73	71.63	-	71.63
Debt securities	56.63	144.96	201.59	232.31	396.49	628.80
Borrowings (other than debt securities)	5,227.83	3,133.09	8,360.92	3,761.70	2,274.91	6,036.61
Subordinated liabilities	-	53.39	53.39	59.95	53.04	112.99
Other financial liabilities	167.31	9.08	176.39	148.32	8.60	156.92
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	0.71	-	0.71
Provisions	5.52	5.02	10.54	5.65	5.25	10.90
Other non-financial liabilities	55.60	-	55.60	23.06	-	23.06
Total Liabilities	**5,580.63**	**3,345.54**	**8,926.17**	**4,303.33**	**2,738.29**	**7,041.62**
Net Assets	**2,223.77**	**624.38**	**2,848.15**	**1,878.30**	**443.62**	**2,321.92**

42. Reconciliation of Liabilities Arising from Financing Activities

The changes in the Company's liabilities arising from financing activities can be classified as follows :

Particulars	Debt securities	Borrowings (other than debt securities)	Subordinated liabilities	Total
Cash flows:				
April 1, 2023	**628.80**	**6,036.61**	**112.99**	**6,778.40**
Repayment	(427.46)	(4,847.13)	(59.99)	**(5,334.58)**
Proceeds	-	7,173.19	-	**7,173.19**
Non Cash:				
Amortisation of upfront fees	0.25	(2.58)	0.39	**(1.94)**
Exchange differences (net)		0.83		**0.83**
March 31, 2024	**201.59**	**8,360.92**	**53.39**	**8,615.90**

Notes to the Financial Statements
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Particulars	Debt securities	Borrowings (other than debt securities)	Subordinated liabilities	Total
Cash flows:				
April 1, 2022	**783.78**	**4,829.46**	**162.57**	**5,775.81**
Repayment	(335.37)	(3,808.20)	(50.00)	**(4,193.57)**
Proceeds	180.00	5,015.00	-	**5,195.00**
Non Cash:				
Amortisation of upfront fees	0.39	(4.27)	0.42	**(3.46)**
Exchange differences (net)		4.62		**4.62**
March 31, 2023	**628.80**	**6,036.61**	**112.99**	**6,778.40**

43 Share based compensation

A. Description of share-based payment arrangements

i. Share option programme (equity settled)

The Company has granted stock options to certain employees of the Company under the 'Employee Stock Option Scheme 2014' (Scheme 2014) and 'Employee Stock Option Scheme 2016' (Scheme 2016). The key terms and conditions related to the grant of the stock options are as follows:

a) The ESOP Scheme 2014 was effective from June 30, 2014 and has been winded up on 26th March 2023 with the approval of the members by passing special resolution and the balance equity shares were transferred in the ESOP 2023 scheme. The ESOP Scheme 2016 is effective form January 16, 2017 and is administered through a ESOP Trust (Fusion Employees Benefit Trust). The ESOP Scheme 2023 has been approved by the members by passing special resolution dated 26th March 2023 and is administrated through a ESOP Trust (Fusion Employees Benefit Trust).

b) The scheme provides that, subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within a specified period.

c) The Company has formed Fusion ESOP Trust on September 27, 2014 to issue ESOPs to employees of the Company as per the respective scheme. The Company has given interest and collateral free loan to the ESOP trust, to provide financial assistance to purchase equity shares of the Company under such schemes. The Trust in turn allots the shares to employees on exercise of their right against cash consideration.

d) As on March 31, 2024, the ESOP trust have 4,03,880 equity shares, (March 31, 2023 2,85,266). The ESOP Trust does not have any transaction other than those mentioned above, hence it is treated as an integral part of the Company and accordingly gets consolidated with the books of the Company. As at March 31, 2024, the Company has reduced the shares allotted to ESOP Trust amounting ₹ 0.40 crore (March 31, 2023 ₹ 0.29 crore) from the share capital and ₹ 11.65 crore (March 31, 2023 ₹ 12.67 crore) from the share premium. These are shown as treasury shares.

e) The eligible employees shall exercise their option to acquire the shares of the Company within a period of eight years from the end of vesting period. The plan shall be administered, supervised and implemented by the board.

These options shall vest on graded basis as follows:

Time period	Percentage	Vesting condition
On completion of 1 year	25%	Service
On completion of 2 years	25%	Service
On completion of 3 years	25%	Service
On completion of 4 years	25%	Service

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B Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan :

Particulars	March 31, 2024		March 31, 2023	
	Number of share options	Average exercise price per share	Number of share options	Average exercise price per share
Outstanding options at the beginning of the year	14,76,604	305.89	23,49,107	199.07
Add: Granted during the year	9,45,500	551.36	5,76,250	339.48
Less: Lapsed/forfeited during the year	1,77,253	365.19	1,68,034	300.01
Less: Exercised during the year	2,74,536	250.05	12,80,719	125.85
Outstanding options at the end of the year	**19,70,315**	**426.13**	**14,76,604**	**305.89**
Options exercisable at the end of the year	3,82,251		2,01,635	

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2024 was ₹ 565.76 (March 31, 2023 - ₹ 167.48).

C. Share options outstanding at the end of the year have the following contractual expiry date and exercise options

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2024	As at March 31, 2023
March 31, 2018	**3,30,540**				
Tranche 1	82,635	March 31, 2027	64.08	1,061	1,061
Tranche 2	82,635	March 30, 2028	64.08	1,060	1,060
Tranche 3	82,635	March 30, 2029	64.08	1,061	1,061
Tranche 4	82,635	March 30, 2030	64.08	1,059	1,059
September 30, 2019	**5,46,180**				
Tranche 1	1,36,545	September 30, 2028	154.04	-	1,501
Tranche 2	1,36,545	September 30, 2029	154.04	-	1,499
Tranche 3	1,36,545	September 30, 2030	154.04	-	3,626
Tranche 4	1,36,545	September 30, 2031	154.04	31,011	1,24,819
November 8, 2019	**31,790**				
Tranche 1	7,948	November 8, 2028	154.04	-	-
Tranche 2	7,948	November 8, 2029	154.04	-	-
Tranche 3	7,948	November 8, 2030	154.04	1,125	2,560
Tranche 4	7,948	November 8, 2031	154.04	1,125	5,848
February 18, 2020	**13,000**				
Tranche 1	3,250	February 18, 2029	290.48	1,050	1,050
Tranche 2	3,250	February 18, 2030	290.48	1,050	1,050
Tranche 3	3,250	February 18, 2031	290.48	1,050	1,050
Tranche 4	3,250	February 19, 2032	290.48	1,050	1,050

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Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding As at March 31, 2024	Number of options outstanding As at March 31, 2023
August 19, 2020	**1,62,000**				
Tranche 1	40,500	August 19, 2029	290.48	-	1,750
Tranche 2	40,500	August 19, 2030	290.48	-	1,750
Tranche 3	40,500	August 19, 2031	290.48	22,125	36,500
Tranche 4	40,500	August 19, 2032	290.48	28,250	36,500
November 9, 2020	**67,500**				
Tranche 1	16,875	November 9, 2029	290.48	1,000	2,000
Tranche 2	16,875	November 9, 2030	290.48	1,000	9,500
Tranche 3	16,875	November 9, 2031	290.48	8,250	16,875
Tranche 4	16,875	November 9, 2032	290.48	15,750	16,875
February 5, 2021	**3,55,000**				
Tranche 1	88,750	February 5, 2030	290.48	8,375	24,625
Tranche 2	88,750	February 5, 2031	290.48	15,500	51,935
Tranche 3	88,750	February 5, 2032	290.48	46,800	76,000
Tranche 4	88,750	February 5, 2033	290.48	59,250	76,000
February 14, 2022	**5,18,500**				
Tranche 1	1,29,625	February 14, 2031	327.50	52,625	93,500
Tranche 2	1,29,625	February 14, 2032	327.50	83,375	1,11,750
Tranche 3	1,29,625	February 14, 2033	327.50	94,625	1,11,750
Tranche 4	1,29,625	February 14, 2034	327.50	94,625	1,11,750
October 13, 2022	**5,76,250**				
Tranche 1	1,44,062	October 13, 2031	339.48	1,01,501	1,37,313
Tranche 2	1,44,063	October 13, 2032	339.48	1,31,688	1,37,313
Tranche 3	1,44,062	October 13, 2033	339.48	1,31,688	1,37,313
Tranche 4	1,44,063	October 13, 2034	339.48	1,31,688	1,37,313
June 09, 2023	**5,66,000**				
Tranche 1	1,41,500	June 9, 2032	507.85	1,31,375	-
Tranche 2	1,41,500	June 9, 2033	507.85	1,31,375	-
Tranche 3	1,41,500	June 9, 2034	507.85	1,31,375	-
Tranche 4	1,41,500	June 9, 2035	507.85	1,31,375	-
November 06, 2023	**3,79,500**				
Tranche 1	94,875	November 6, 2032	616.25	93,750	-
Tranche 2	94,875	November 6, 2033	616.25	93,750	-
Tranche 3	94,875	November 6, 2034	616.25	93,750	-
Tranche 4	94,875	November 6, 2035	616.25	93,750	-
Outstanding options at the end of the year				**19,70,315**	**14,76,604**
Weighted average remaining contractual life of options outstanding at the end of the year				**9.22 years**	**9.39 years**

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D. Measurement of Fair Values

i. Equity-settled share-based payment arrangements

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option granted during the financial year 2023-24 was ranged between 306.84-349.51 (during the Previous Year 2022-23 was ranged between 108.13-143.55).

The fair value of options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plans are as follows:

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
March 31, 2018						
Tranche 1	March 31, 2027	45.00%	64.08	82.30	6.94%	38.69
Tranche 2	March 30, 2028	45.00%	64.08	82.30	7.13%	43.26
Tranche 3	March 30, 2029	45.00%	64.08	82.30	7.28%	47.22
Tranche 4	March 30, 2030	45.00%	64.08	82.30	7.40%	50.68
September 30, 2019						
Tranche 1	September 30, 2028	45.00%	154.04	111.10	6.31%	42.37
Tranche 2	September 30, 2029	45.00%	154.04	111.10	6.46%	48.42
Tranche 3	September 30, 2030	45.00%	154.04	111.10	6.59%	53.90
Tranche 4	September 30, 2031	45.00%	154.04	111.10	6.70%	58.86
November 8, 2019						
Tranche 1	November 8, 2028	45.00%	154.04	213.60	6.25%	124.09
Tranche 2	November 8, 2029	45.00%	154.04	213.60	6.43%	132.58
Tranche 3	November 8, 2030	45.00%	154.04	213.60	6.59%	140.16
Tranche 4	November 8, 2031	45.00%	154.04	213.60	6.71%	146.93
February 18, 2020						
Tranche 1	February 18, 2029	45.00%	290.48	213.60	6.08%	82.04
Tranche 2	February 18, 2030	45.00%	290.48	213.60	6.23%	93.50
Tranche 3	February 18, 2031	45.00%	290.48	213.60	6.35%	103.81
Tranche 4	February 18, 2032	45.00%	290.48	213.60	6.44%	113.13
August 19, 2020						
Tranche 1	August 19, 2029	49.60%	290.48	185.20	5.52%	68.68
Tranche 2	August 19, 2030	49.60%	290.48	185.20	5.77%	79.33
Tranche 3	August 19, 2031	49.60%	290.48	185.20	5.97%	88.91
Tranche 4	August 19, 2032	49.60%	290.48	185.20	6.12%	97.52
November 9, 2020						
Tranche 1	November 9, 2029	52.70%	290.48	193.80	5.31%	78.61
Tranche 2	November 9, 2030	52.70%	290.48	193.80	5.58%	89.76
Tranche 3	November 9, 2031	52.70%	290.48	193.80	5.81%	99.74
Tranche 4	November 9, 2032	52.70%	290.48	193.80	5.99%	108.67

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Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
February 5, 2021						
Tranche 1	February 5, 2030	52.70%	290.48	193.80	5.63%	79.47
Tranche 2	February 5, 2031	52.70%	290.48	193.80	5.89%	90.68
Tranche 3	February 5, 2032	52.70%	290.48	193.80	6.10%	100.69
Tranche 4	February 5, 2033	52.70%	290.48	193.80	6.27%	109.64
February 14, 2022						
Tranche 1	February 14, 2031	54.50%	327.50	250.10	5.98%	116.48
Tranche 2	February 14, 2032	54.50%	327.50	250.10	6.29%	130.74
Tranche 3	February 14, 2033	54.50%	327.50	250.10	6.54%	143.29
Tranche 4	February 14, 2034	54.50%	327.50	250.10	6.72%	154.35
October 13, 2022						
Tranche 1	October 13, 2031	54.20%	339.48	236.60	7.34%	108.13
Tranche 2	October 13, 2032	54.20%	339.48	236.60	7.38%	121.54
Tranche 3	October 13, 2033	54.20%	339.48	236.60	7.39%	133.25
Tranche 4	October 13, 2034	54.20%	339.48	236.60	7.39%	143.55
June 09, 2023						
Tranche 1	June 9, 2032	48.20%	507.85	525.10	6.98%	274.72
Tranche 2	June 9, 2033	47.38%	507.85	525.10	7.00%	296.39
Tranche 3	June 9, 2034	47.41%	507.85	525.10	7.02%	317.91
Tranche 4	June 9, 2035	47.90%	507.85	525.10	7.03%	338.35
November 06, 2023						
Tranche 1	November 6, 2032	44.94%	616.25	616.25	7.42%	308.21
Tranche 2	November 6, 2033	44.92%	616.25	616.25	7.49%	337.90
Tranche 3	November 6, 2034	44.95%	616.25	616.25	7.49%	363.70
Tranche 4	November 6, 2035	45.27%	616.25	616.25	7.53%	388.24

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility approximates historical volatility.

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44. Related party disclosure

i. Names of the related party and nature of relationship:-

Description of relationship	Designation	As at March 31, 2024	As at March 31, 2023
Key Management Personnel*	Managing Director and Chief Executive Officer (Note 1)	Devesh Sachdev	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari	Gaurav Maheshwari
	Company Secretary and Chief Compliance Officer (Note 2)	Deepak Madaan	Deepak Madaan
Directors	Independent Director (Note 3)	Ms. Namrata Kaul	Ms. Namrata Kaul
		Mr. Pankaj Vaish	Mr. Pankaj Vaish
		Ms. Ratna Dharashree Vishwanathan	Ms. Ratna Dharashree Vishwanathan
	Nominee Director (Note 4)	Mr. Narendra Ostawal	Mr. Narendra Ostawal
		Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele
Entities exercising significant influence over the Company	Shareholder (Note 5)	-	Creation Investments Fusion, LLC, Chicago, U.S.A.
		-	Creation Investments Fusion II, LLC, Chicago, U.S.A.
		Honey Rose Investment Ltd	Honey Rose Investment Ltd
Entities under Common Controlling interest	Entities under Common Controlling interest (Note 6)	-	Vivriti Capital Private Limited
		-	Vivriti Asset Management Private Limited
Post Employment benefits plan	Gratuity Trust	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund

*Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

Note 1: Mr. Devesh Sachdev has been re-appointed as the Managing Director w.e.f. December 05, 2023 for a period of 5 years

Note 2: Mr. Deepak Madaan was designated as the Chief Compliance Officer w.e.f. August 02, 2023

Note 3: Ms. Ratna Dharashree Vishwanathan was re-appointed as an Independent Director w.e.f May 24, 2023 for a second term of three consecutive years

Note 4: Mr. Kenneth Dan Vander Weele, retiring by rotation was reappointed w.e.f. September 29, 2023

Note 5: Creation Investments Fusion & Creation Investments Fusion II are not related parties w.e.f. December 15, 2023

Note 6: Vivriti Capital Private Limited & Vivriti Asset Management Private Limited are not related parties w.e.f. December 15, 2023

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ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Mr. Devesh Sachdev	Managerial remuneration	7.88	4.56
Mr. Gaurav Maheshwari	Remuneration	1.14	1.20
Mr. Deepak Madaan	Remuneration	0.65	0.78
Ms. Ratna Dharashree Vishwanathan	Sitting fees	0.11	0.15
Ms. Namrata Kaul	Sitting fees	0.14	0.16
Mr. Pankaj Vaish	Sitting fees	0.13	0.14
	Reimbursement of travelling expenses	0.04	0.02
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment	2.00	1.16
Vivriti Asset Management Private Limited	Proceeds from debt securities	-	35.00
Vivriti Asset Management Private Limited	Repayment to Debt Securities	-	11.67
Vivriti Asset Management Private Limited	Interest payment	1.60	3.38
Vivriti Capital Private Limited	Interest payment	1.32	3.25

The amount payable to related parties:

Name of the related party	Nature of transaction	As at March 31, 2024	As at March 31, 2023
Vivriti Capital Private Limited	Subordinated debt	-	24.53
Vivriti Asset Management Private Limited	Non-convertible debentures	-	23.29
Vivriti Asset Management Private Limited	Non-convertible debentures- Interest Accrued but not Due	-	0.01

Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

As the provision for gratuity, leave compensation and share based compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits .

45. Financial Instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	As at March 31, 2024	
	Carrying value	Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	1,474.69	1,474.69
Bank balance other than cash and cash equivalents	78.50	78.50
Trade receivables	13.85	13.85
Loans	9,947.87	9,947.87
Other financial assets	99.41	99.41
	11,614.32	**11,614.32**

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Particulars	As at March 31, 2024	
	Carrying value	Fair value
At fair value through profit or loss		
Investments	2.06	2.06
	2.06	**2.06**
	11,616.38	**11,616.38**
Financial liabilities:		
Trade payables	67.73	67.73
Debt securities	201.59	212.61
Borrowings (other than debt securities)	8,360.92	8,363.82
Subordinated liabilities	53.39	58.55
Other financial liabilities	176.39	176.39
	8,860.02	**8,879.10**
At fair value through profit or loss		
Derivative financial instrument	0.01	0.01
	0.01	**0.01**
	8,860.03	**8,879.11**

Particulars	As at March 31, 2023	
	Carrying value	Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	950.36	950.36
Bank balance other than cash and cash equivalents	114.67	114.67
Trade receivables	14.41	14.41
Loans	8,041.56	8,041.56
Other financial assets	96.04	96.04
	9,217.04	**9,217.04**
At fair value through profit or loss		
Derivative financial instrument	0.14	0.14
	0.14	**0.14**
	9,217.18	**9,217.18**
Financial liabilities:		
Trade payables	71.63	71.63
Debt securities	628.80	648.22
Borrowings (other than debt securities)	6,036.61	6,075.36
Subordinated liabilities	112.99	121.43
Other financial liabilities	156.92	156.92
	7,006.95	**7,073.56**
At fair value through profit or loss		
Derivative financial instrument	-	-
	-	-
	7,006.95	**7,073.56**

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(₹ in Crore unless otherwise stated)

B. Fair value hierarchy of assets and liabilities

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2024	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Investments	2.06	2.06	-	-	2.06
	2.06	2.06	-	-	2.06
Financial Liabilities:					
Derivative financial instrument	0.01	-	0.01		0.01
	0.01	**-**	**0.01**	**-**	**0.01**

As at March 31, 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Derivative financial instrument	0.14	-	0.14	-	0.14
	0.14	**-**	**0.14**	**-**	**0.14**

B.2 Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2024	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Loans	9,947.87	-	-	9,947.87	9,947.87
	9,947.87	**-**	**-**	**9,947.87**	**9,947.87**
Financial Liabilities:					
Debt securities	201.59	-	-	212.61	212.61
Borrowings (other than debt securities)	8,360.92	-	-	8,363.82	8,363.82
Subordinated liabilities	53.39	-	-	58.55	58.55
	8,615.90	**-**	**-**	**8,634.98**	**8,634.98**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Loans	8,041.56	-	-	8,041.56	8,041.56
	8,041.56	**-**	**-**	**8,041.56**	**8,041.56**
Financial Liabilities:					
Debt securities	628.80	-	-	648.22	648.22
Borrowings (other than debt securities)	6,036.61	-	-	6,075.36	6,075.36
Subordinated liabilities	112.99	-	-	121.43	121.43
	6,778.40	**-**	**-**	**6,845.01**	**6,845.01**

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(₹ in Crore unless otherwise stated)

The management assessed that carrying value of financial assets (other than loans) and financial liabilities (other than debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

C. Valuation framework

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. The Company uses historical experience and other information used in its collective impairment models. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults. The Company has considered carrying amount of loans net of impairment loss allowance is of reasonable approximation of their fair value.

The fair values of the Company's fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

The Company has entered into derivative financial instruments with counterparty being a financial institution with investment grade credit ratings. Currency and Interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. As at March 31, 2024, the mark-to-market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk.

The Company has measured investements based on market value i.e. NAV as at reporting date.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

46 Transfers of Financial Assets

Assignment transactions:

The Company generally enters into assignment deals, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109 is being met as substantially all the risks and rewards relating to assets being transferred to the buyer , hence the assets have been derecognised.

The management evaluates the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognized financial assets and the gain on derecognition during the year

Particulars	Carrying amount of derecognized financial assets	Gain from derecognition
Assignment		
For the year ended March 31, 2024	1,640.53	130.30
For the year ended March 31, 2023	1,226.44	96.86

Since the Company transferred the above financial assets in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognized at its present value on the date of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset.

47 Financial risk management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of directors.

The Company has identified and implemented comprehensive policies and procedure to assess, monitor and manage risk through-out the Company. The risk management process is continuously reviewed, improved and adopted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes stock of the risk landscape on an event driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit that undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

A. Credit risk

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. As per risk management policy of the Company, it only deals with counterparties, which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk is the risk of loss that may occur from defaults by our borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details and usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in rural areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

The Company believes that the Micro finance loans (MFI) have shared risk characteristics (i.e. homogeneous) across various states in India. Similarly, the MSME loans are considered to have shared risk characteristics. Accordingly, the Company believes that these product categories are the best measure of credit risk concentration. Refer note 6 for the product wise loan balances.

(a) Probability of default (PD)

PD describes the probability of a loan to eventually falling into stage 3. PD percentage is calculated for entire loan portfolio and is determined by using available historical observations.

PD for stage 1: is derived as percentage of all loans in stage 1 moving into stage 3 in 12-months' time.

PD for stage 2: is derived as percentage of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.

PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

Notes to the Financial Statements
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(₹ in Crore unless otherwise stated)

Macroeconomic information (such as regulatory changes, market interest rate or inflation) is incorporated as part of the internal assessment . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

(b) Exposure at default (EAD)

EAD is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

(c) Loss given default (LGD)

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan is considered credit impaired. Recovery rate is the total of discounted value of all the recoveries on the credit impaired loan account divided by the outstanding of the loan account after its first default. LGD = 1 - (Recovery rate).

(d) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

e) Expected credit loss on Loans

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the internal assessment of the historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

i) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

ii) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

iii) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal assessment and forward-looking information to assess deterioration in credit quality of a financial asset.

Expected credit loss on other financial assets

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

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The Company monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company supplements this by reviewing changes in government bond yields together with available press and regulatory information about issuers.

48. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has assets liability management (ALM) policy and ALM Committee to review and monitor liquidity risk and ensure the compliance with the prescribed regulatory requirement. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The following are the contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at March 31, 2024	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	283.88	544.74	606.83	1,534.45	2,563.55	3,315.16	-	-	8,848.61
Debt securities	0.21	16.00	0.68	15.70	47.23	154.50	-	-	234.32
Subordinated liabilities	0.28	0.58	0.57	1.73	3.43	13.77	57.63	-	77.99
Other financial liabilities	159.78	6.27	0.20	0.78	1.25	4.82	4.67	2.24	180.01
Trade payables	54.14	0.55	13.00	-	0.04	-	-	-	67.73
Total undiscounted financial liabilities	**498.29**	**568.14**	**621.28**	**1,552.66**	**2,615.50**	**3,488.25**	**62.30**	**2.24**	**9,408.66**

As at March 31, 2023	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	342.51	403.59	399.19	1,132.68	1,932.77	2,369.19	25.37	-	6,605.30
Debt securities	26.93	13.09	45.15	40.91	366.08	229.22	-	-	721.38
Subordinated liabilities	1.25	1.29	1.29	33.81	34.19	13.77	64.49	-	150.09
Other financial liabilities	134.53	9.75	2.30	1.84	0.93	3.84	4.15	3.18	160.52
Trade payables	59.63	-	12.00	-	-	-	-	-	71.63
Total undiscounted financial liabilities	**564.85**	**427.72**	**459.93**	**1,209.24**	**2,333.97**	**2,616.02**	**94.01**	**3.18**	**7,708.92**

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(₹ in Crore unless otherwise stated)

49. Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, credit, liquidity etc. The Company is exposed to three type's of market risks as follows:

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods.

We assess and manage our interest rate risk by managing our assets and liabilities. Our Assets Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has Board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loan given.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For this, during period ended March 31, 2024, the Company has external commercial borrowings on which the company has entered an interest rate swap agreement whereby the Company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2024	March 31, 2023
0.50 % Increase	24.48	18.13
0.50 % Decrease	(24.48)	(18.13)

(ii) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments. As of March 31, 2024, the company has exposure to mutual fund ₹ 2.06 Crore (March 31, 2023 : Nil).

(iii) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

For hedges of forecasted transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The Company hedges its exposure to fluctuations on the translation into INR of its foreign currency transactions by using foreign currency swaps and forwards. At March 31, 2024, the Company hedged 100% (March 31, 2023: 100%), for entire term of borrowing, of its expected interest and principle repayments on External commercial borrowings. This foreign currency risk is hedged by using foreign currency forward contracts. (refer note 2.3.2)

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Details of borrowings denominated in foreign currency and derivatives (i.e., currency and interest rate swaps) held for risk management purposes as economic hedges:

Particulars	Foreign currency in crore	
	As at March 31, 2024	As at March 31, 2023
	Euro	Euro
Borrowings		
External commercial borrowings	1.00	1.00
Less: Currency and Interest rate swaps	1.00	1.00
Unhedged External commercial borrowings	-	-

50. Capital Management Risk

The Company's objective for capital management is to maximize shareholder's value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flow generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. (refer note 54) The Capital management process of the Company ensures to maintain to healthy CRAR at all the time.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on the Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure manner of raising the funds etc.

For the purpose of the Company's capital management, capital includes equity share capital and other equity.Net debt includes terms loans from banks, NBFC and debentures includes interest accrued net of cash and cash equivalents and bank balances other than cash and cash equivalents. The Company monitors capital on the basis of the following gearing ratio.

Gearing Ratio:

Particulars	As at March 31, 2024	As at March 31, 2023
Net Debt*	7,084.00	5,741.85
Total equity	2,848.15	2,321.92
Net debt to equity ratio	**2.49**	**2.47**

* Net Debt includes debt securities + borrowings other than debt securities + Subordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

51. Contingent Liabilities, Commitments and Contingent Assets

A. Contingent liabilities

The Company has entered into business correspondence arrangement during the year with the bank. As per the terms of the said agreement, the Company has given first loss default guarantee (FLDG) in the form of fixed deposit amounting to ₹ 2 Crore as at March 31, 2024 (Refer Note 4). The Company has exposure of ₹ 0.02 Crore towards FLDG as at March 31, 2024. The Company does not have any contingent liabiltity as at March 31, 2023.

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B. Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Capital commitments [Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) :		
Tangible	-	0.13
Intangible	-	-
Total	**-**	**0.13**

C. Contingent assets

There are no contingent assets as at March 31, 2024 and March 31, 2023.

D. The Company has reviewed all litigations having an impact on the financial position, where applicable, has adequately provided for where provision are required . As on March 31, 2024, the Company does not have any material litigation pending with Income tax authorities, Goods and service authorities and other statutory authorities in the ordinary course of business requiring any provision to be provided in books of accounts.

E. The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.

52. Revenue from contracts with customers

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
(a)	**Type of services**		
	Facilitation fees (refer note 28)	41.67	19.58
	Income from market support services (refer note 31)	60.53	37.64
	Income from assigned portfolio management services (refer note 31)	0.06	0.08
	Total	**102.26**	**57.30**
(b)	**Geographical markets**		
	India	102.26	57.30
	Outside India	-	-
	Total	**102.26**	**57.30**
(c)	**Timing of revenue recognition**		
	Service transferred at a point in time	102.26	57.30
	Services transferred over time	-	-
	Total	**102.26**	**57.30**
(d)	**Trade receivables**		
	Facilitation fees	6.33	3.60
	Market support services	7.50	10.78
	Assigned portfolio management services	0.02	0.03
	Total	**13.85**	**14.41**

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53. Leases

Company as a lessee

The Company has created right of use assets and lease liability on account of building and vehicle taken on lease as per IND AS 116. The terms of the leases ranges from 3 years to 9 years. The Company has branch offices on lease for which 'short term lease' recognition exemption is applied. Accordingly, lease rentals of ₹ 23.30 crore for year ended March 31, 2024 (₹ 18.83 crore for the year ended March 31, 2023) on such short term leases has been directly charged to Statement of profit and loss.

Set out below are the carrying amounts of Right of use asset recognized and the movements during the year (Refer note 12):

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Carrying Value as at the beginning of the year	**7.66**	**6.92**
Addition of new assets during the year	2.23	1.90
Depreciation charged during the year	(1.43)	(1.16)
Carrying Value as at the end of the year	**8.46**	**7.66**

Set out below are the carrying amounts of lease liabilities and the movements during the year: (Refer note 20)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Carrying Value as at the beginning of the year	**9.39**	**8.18**
Addition of new lease during the year	2.12	1.90
Accretion of interest during the year	0.99	1.02
Payments made against lease during the year	(2.02)	(1.71)
Carrying Value as at the end of the year	**10.48**	**9.39**

The following are the amounts recognized in statement of profit or loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expense of Right of use asset (refer note 12)	1.43	1.16
Interest expense on lease liability (refer note 32)	0.99	1.02
Total amount recognized in profit or loss	**2.42**	**2.18**

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Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

Particulars	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
As on March 31, 2024									
Lease Liabilities	0.20	0.20	0.20	0.59	1.18	4.82	4.67	2.24	14.10
As on March 31, 2023									
Lease Liabilities	0.15	0.15	0.15	0.44	0.93	3.84	4.15	3.18	12.99

Total cash outflow for leases for the year March 31, 2024 and March 31, 2023 were ₹ 25.33 crore and ₹ 20.54 crore respectively.
The effective interest rate for lease liabilities along with maturity are given below :

Details of Asset	Terms	Maturity Period	Effective Interest Rate
Immovable Property I Corporate Office (Gurugram)	Non-Cancellable Term - 3 Years extendable upto 9 years; escalation clause at a 3 years interval	September 2020 - November 2029	10.72%
Immovable Property II Registerd Office (Delhi)	Non-Cancellable Term - 3 Years extendable upto 6 years; escalation clause at a 3 years interval	May 2022 - May 2028	10.35%
Immovable Property I Extention (Gurugram)	Non-Cancellable Term - 3 Years extendable upto 7 years; escalation clause at a 3 years interval	November 2022 - November 2029	10.53%
Immovable Property III (Gurugram)	Non-Cancellable Term - 3 Years extendable upto 9 years; escalation clause at a 3 years interval	June 2023 - June 2032	10.17%
Immovable Property IV (Mumbai)	Non-Cancellable Term - 15 Months extendable upto 3 years; escalation clause at one year interval	October 2023 - October 2026	10.06%
Motor Vehicle	Finance Lease- option to buy at agreed amount at the end of lease period	January 2024 - January 2028	11.00%

54. Additional information required by Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023

a. Capital to risk assets ratio ('CRAR')

Particulars	As at March 31, 2024	As at March 31, 2023
CRAR (%)	27.53%	27.94%
CRAR- Tier I (%)	26.60%	26.59%
CRAR- Tier II (%)	0.93%	1.35%
Amount of subordinated debt raised as Tier-II capital	53.39	112.99
Amount raised by issue of Perpetual Debt Instruments	-	-

b. Exposures

i) Exposure to real estate sector

The Company does not have any exposure to real estate sector as on March 31, 2024 (March 31, 2023 : Nil)

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

ii) Exposure to capital market

The Company does not have any exposure to capital market as on March 31, 2024 (March 31, 2023 : Nil). However, the Company has investments in debt oriented mutual fund as on March 31, 2024.

iii) Sectoral Exposure #

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that Sector	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that Sector
1. Agriculture & Allied Activities	**9,240.76**	**235.22**	**2.55%**	**7,460.12**	**193.04**	**2.59%**
2. Industry						
i) Product Manufacturers	1,025.72	41.30	4.03%	790.74	40.77	5.16%
Total	**1,025.72**	**41.30**	**4.03%**	**790.74**	**40.77**	**5.16%**
3. Service						
i) Others (Micro activities & essential services)	428.76	29.50	6.88%	433.95	20.21	4.66%
ii) Wholesale/Retail Trade	780.84	31.44	4.03%	611.39	18.63	3.05%
Total	**1,209.61**	**60.94**	**5.04%**	**1,045.34**	**38.84**	**3.72%**
4. Personal Loans	-	-	-	-	-	-
5. Others, if any (please specify)	-	-	-	-	-	-

This disclosure is prepared based on the principal outstanding of assets under management (AUM) as at reporting date.

iv) Intra-group exposures

The company does not have intra-group exposure as on March 31, 2024 (March 31, 2023 : Nil)

v) Unhedged foreign currency exposure

The company does not have unhedged foreign currency exposure as on March 31, 2024 (March 31, 2023 : NIL)

c. Asset liability management:

Maturity pattern of certain items of assets and liabilities as on March 31, 2024

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 year	3 to 5 year	Over 5 year	Total
Borrowings (Note 1)	37.79	93.05	358.09	476.38	552.48	1,385.97	2,380.69	3,133.09	198.36	-	8,615.90
Loans & Advances (Note 2)	153.84	134.79	343.08	571.38	496.40	1,611.76	2,919.18	3,668.60	118.52	47.93	10,065.48
Investments	-	-	-	0.06	-	-	-	2.00	-	-	2.06

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Maturity pattern of certain items of assets and liabilities as on March 31, 2023

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 year	3 to 5 year	Over 5 year	Total
Borrowings (Note 1)	41.94	72.11	186.48	354.31	395.73	1,069.18	1,934.20	2,357.51	366.94	-	6,778.40
Loans & Advances (Note 2)	108.81	111.59	234.86	461.23	443.61	1,315.24	2,425.85	2,978.10	40.63	16.20	8,136.12
Investments	-	-	-	-	-	-	-	-	-	-	-

Note 1 - Borrowings exclude accrued interest

Note 2 - Net of provision towards non-performing loans and advances

d. Information on instances of fraud :

Instances of fraud reported during the year ended March 31, 2024

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	68	1.74	0.35	1.39

Instances of fraud reported during the year ended March 31, 2023

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	604	2.10	0.74	1.36

*includes recoveries in respect of frauds reported in earlier years

e. Ratings assigned by credit rating agencies and migration of ratings during the year:

Particulars	Amount	Credit Rating Agency	Date of Rating	Valid up to	Current Rating	Previous Rating
Bank Loan Rating	1,500.00	Credit Analysis & Research Ltd.	27-Dec-23	See Note 1	CARE A+ ; Stable	CARE A ; Stable
Bank Loan Rating	8,000.00	CRISIL Limited	20-Nov-23	See Note 1	CRISIL A+ ; (Stable)	CRISIL A ; (Stable)
Non - Convertible Debenture	603.00	ICRA Limited	12-Jan-24	See Note 1	[ICRA] A+ ; (Stable)	[ICRA] A ; (Stable)
Non - Convertible Debenture	52.80	Credit Analysis & Research Ltd.	14-Aug-23	See Note 1	CARE A ; Stable	CARE A (CE) ; Stable
Subordinate Debt (NCD)	55.00	ICRA Limited	12-Jan-24	See Note 1	[ICRA] A+ ; (Stable)	[ICRA] A ; (Stable)
Subordinate Debt (Term Loan)	30.00	CRISIL Limited	20-Nov-23	See Note 1	CRISIL A ; (Stable)	CRISIL A ; (Stable)
Organization Grading	N.A	CARE Advisory Research and Training Ltd.	1-May-23	1-May-24	MFI 1 (One)	MFI 1 (One)

Note 1: Rating is subject to annual surveillance till final repayment/redemption of rated facilities.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

f. Disclosure of Complaints

i) Summary Information on complaints received from the customers and from the office of ombudsman

Particulars	No. of Complaints March 31, 2024	No. of Complaints March 31, 2023
Complaint received from Customers		
No. of complaints pending at the beginning of the year	61	21
No. of complaints received during the year	2,723	1,886
No. of complaints redressed/disposed during the year	2,724	1,846
out of above, no. of complaints rejected by the company	261	126
No. of complaints pending at the end of the year	60	61
Maintainable Complaint received from the office of ombudsman		
No. of maintainable received by the company from the office of ombudsman	39	20
of which, no. of complaints resolved in the favor of company	37	20
of which, no. of complaints resolved through conciliation/ mediation/ advisories issued by the office of ombudsman	Nil	Nil
of which, no. of complaints resolved after passing awards by the office of ombudsman against company	Nil	Nil
No. of Awards unimplemented within stipulated time (other than those appealed)	Nil	Nil
No. of Complaints pending at the end of the year	2	Nil

ii) Top five grounds of complaints received from the customer

Ground of Complaints	No. of Complaints pending at the beginning of the year	No. of Complaints received during the year	% increase/ (decrease) in no. of Complaint received from previous year	No. of Complaints pending at the end of the year	No. of Complaints pending beyond 30 Days
			For the year ended 31 March, 2024		
Contact Details rectification	11	1186	35.39%	8	Nil
Loan & Advances	37	784	52.53%	34	5
Insurance	6	381	23.70%	5	Nil
Staff Behaviour	4	152	141.27%	5	Nil
Credit Bureau related	2	104	85.71%	6	1
			For the year ended 31 March, 2023		
Contact Details rectification	1	876	87.18%	11	Nil
Loan & Advances	11	514	48.99%	37	7
Insurance	4	308	30.51%	6	Nil
Staff Behaviour	1	63	18.87%	4	Nil
Credit Bureau related	4	56	-16.42%	2	Nil

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

g. Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2024	As at March 31, 2023
Concentration of Advances		
Total advances to twenty largest borrowers*	3.00	2.43
(%) of advances to twenty largest borrowers to total advances	0.03%	0.03%
Concentration of Exposures		
Total exposure to twenty largest borrowers*	3.00	2.43
(%) of exposures to twenty largest borrowers to total exposure	0.03%	0.03%
Concentration of NPAs		
Total exposure to top four NPA accounts	0.40	0.22

* Does not include interest accrued

h. Sector wise NPAs*

Particulars	% of NPA to total advances in that sector	
	As at March 31, 2024	As at March 31, 2023
Agriculture & allied activities #	2.55%	2.59%
MSME	4.03%	5.16%
Corporate borrowers	NA	NA
Services	5.04%	3.72%
Unsecured personal loans	NA	NA
Auto loans	NA	NA
	NA	**NA**

* interest accrued on loans have not been considered for above calculation
# including manufacturing & production, trade & retail, CS and others.

i. Movement of NPA's

Particulars	March 31, 2024	March 31, 2023
i) Net NPA to net advances percentage	**0.61%**	**0.88%**
ii) Movement of NPAs (Gross)		
a) Opening balance	288.89	358.43
b) Additions during the year	327.13	177.66
c) Reduction during the year (write off)	(318.77)	(247.20)
d) Closing balance	**297.25**	**288.89**
iii) Movement of net NPAs		
a) Opening balance	70.79	103.03
b) Additions during the year	(10.47)	(32.24)
c) Reduction during the year	-	-
d) Closing balance	**60.32**	**70.79**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	218.10	255.40
b) Provision made during the year	337.60	209.90
c) Write off/ write back of excess provisions	(318.77)	(247.20)
d) Closing balance	**236.93**	**218.10**

j. Investments

Particulars	March 31, 2024	March 31, 2023
1. Value of Investments		
(i) Gross value of investments		
(a) In India	2.06	-
(b) Outside India	-	-
(ii) Provision for depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments	-	-
(a) In India	2.06	-
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/write-back of excess provisions during the year	-	-
Closing balance	-	-

j(a). Public disclosure on liquidity risk management

(i). Funding concentration based on significant counterparty *(both deposits and borrowings)

	Number of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities
March 31, 2024	26	7,921.16	-	88.74%
March 31, 2023	26	5,699.20	-	80.94%

(ii). Top 20 large deposits - Not applicable

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

(iii). Top 10 borrowings (amount in crore and % of total borrowings)

Particulars	March 31, 2024		March 31, 2023	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings
Top 10 borrowings	**5,426.78**	**62.99%**	**3,758.53**	**55.45%**

(iv). Funding concentration based on significant instrument/product*

Name of the instrument/product	March 31, 2024		March 31, 2023	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term loans from Banks	7,377.48	82.65%	5,046.21	71.66%
Subordinate Debts	53.39	0.60%	112.99	1.60%
Non Convertible Debentures	201.59	2.26%	628.80	8.93%
Term Loans from Others Parties (NBFC and FIs)	983.44	11.02%	990.40	14.06%

(v). Stock Ratios

Particulars	March 31, 2024			March 31, 2023		
	As a % of total public funds*	As a % of total liabilities*	As a % of total assets	As a % of total public funds*	As a % of total liabilities*	As a % of total assets
Commercial papers	-	-	-	-	-	-
Non Convertible Debenture (Original Maturity of less than one year)	-	-	-	-	-	-
Other short-term liabilities	**64.77%**	**62.52%**	**47.40%**	**63.49%**	**61.11%**	**45.96%**

(vi). Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility for establishing the risk management framework for the Company. The Board in turn has established an ALM Committee (ALCO) for evaluating, monitoring and reviewing liquidity and interest rate risks arising in the Company on both sides of the Balance sheet. The Board based on recommendations from the ALCO has prescribed policies and the risk limits for the management of liquidity risk.

ALCO Committee is responsible for managing the risks arising out of Asset Liability mismatches consistent with the regulatory requirements and internal risk tolerances established by the Board. Amongst other responsibilities, ALCO has been empowered to decide the funding mix for the company in light of the future business strategy and prevailing market conditions. ALCO committee is conducted at least once in a quarter and the ALCO minutes are reviewed by the Board from time to time.

***Notes**

1. A significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC.

2. A significant instrument/product is defined as a single instrument/ product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC's.
3. Total Liabilities has been computed as sum of all liabilities (Balance sheet figure) less equities and reserve/surplus.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

4. Public Funds shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but exclude funds raised by issue of instruments compulsory convertible into equity shares with in a period not exceeding 5 years from the date of issue as defined in Regulatory Framework.

5. The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2024.

k. Details of assignment transactions:

Particulars	March 31, 2024	March 31, 2023
Total no. of loans assigned	7,07,728	5,22,157
Aggregate book value of loan assigned	1,640.53	1,226.44
Sale consideration received for loan assigned	1,640.53	1,226.44
Aggregate gain / (loss) over net book value	-	-

l. Disclosure related to securitization

Particulars	March 31, 2024	March 31, 2023
No of SPEs holding assets for securitisation transactions originated by the originator		
Total amount of securitised assets as per books of the SPEs	-	-
Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	-	-
Amount of exposures to securitisation transactions other than MRR	-	-
Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
Performance of facility provided	-	-
Average default rate of portfolios observed in the past	-	-
Amount and number of additional/top up loan given on same underlying asset	-	-
Investor complaints:		
(a) Directly/Indirectly received	-	-
(b) Complaints outstanding	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
1.Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitisation transactions	-	-
2.Total amount of securitised assets as per books of the SPVs sponsored by the Company	-	-
3.Total amount of exposures retained by the Company to comply with Minimum Retention Rate (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
b) On-balance sheet exposures		
* First loss (Cash collateral)	-	-
* First loss (Micro finance loans)	-	-
* Others	-	-
4. Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
* First loss	-	-
* loss	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitizations		
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-

m. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2024	March 31, 2023
Provision for non-performing loan portfolio	337.60	209.91
Provision for standard portfolio	23.48	(10.40)
Provision for Income Tax (net)	157.97	124.83
Provision for cash loss	0.77	1.63
Provision for gratuity	2.10	2.70
Provision for leave benefits	3.43	2.75
Provision for others financial assets	3.78	0.86
Provision for Employee Contingency	(0.50)	2.15

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

n. Prudential floor for impairment loss

Assets classification under RBI norms March 31 2024

Particulars	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I**	9,884.13	64.36	9,819.77	41.66	22.70
	Stage II**	121.03	53.25	67.78	0.50	52.75
Subtotal (A)		**10,005.16**	**117.61**	**9,887.55**	**42.16**	**75.45**
Non-performing assets						
Sub-standard	Stage III	297.25	236.93	60.32	99.95	136.98
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**297.25**	**236.93**	**60.32**	**99.95**	**136.98**
Total	Stage I	9,884.13	64.36	9,819.77	41.66	22.70
	Stage II	121.03	53.25	67.78	0.50	52.75
	Stage III	297.25	236.93	60.32	99.95	136.98
	Total	**10,302.41**	**354.54**	**9,947.87**	**142.11**	**212.43**

Assets classification under RBI norms March 31 , 2023

Particulars	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I**	8,005.07	70.45	7,934.62	78.50	(8.05)
	Stage II**	60.26	24.11	36.15	0.59	23.52
Subtotal (A)		**8,065.33**	**94.56**	**7,970.77**	**79.08**	**15.48**
Non-performing assets						-
Sub-standard	Stage III	288.89	218.10	70.79	108.55	109.55
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**288.89**	**218.10**	**70.79**	**108.55**	**109.55**
Total	Stage I	8,005.07	70.45	7,934.62	78.50	(8.05)
	Stage II	60.26	24.11	36.15	0.59	23.52
	Stage III	288.89	218.10	70.79	108.55	109.55
	Total	**8,354.22**	**312.66**	**8,041.56**	**187.64**	**125.02**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

*The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognizing the securitised assets (net of MRR) which meets the de-recognition criteria under the previous GAAP.

** The provision given in Stage I & Stage II includes contingent provision on standard assets @ 0.40% as per the requirement of Master Direction - Reserve Bank of India (Non-Banking Finance Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023.

This also includes additional 10% provision on restructured loans as per the requirement of RBI Circular RBI/2021-22/31 DOR.STR. REC.11/21.04.048/2021-22 dated May 05, 2021

o. Details of penalties imposed by RBI and other regulators

March 31, 2024

Particulars	Regulating Authority	Amount*	Reason	Status
Penalty inposed by RBI and other regulators on the Company during the year.		Nil		

March 31, 2023

Particulars	Regulating Authority	Amount*	Reason	Status
Regulation 52(1), Regulation 52(4) and Regulation 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	BSE	1,15,600/-	Non disclosure of details under Regulation 52(4) & 54 (2) and non submission of the financial results for the quarter and half year ended September 30, 2022 under Regulation 52(1)	Paid
Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	BSE	23,600/-	Delay in submission of the notice of Record Date.	Waived off
Regulations 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	BSE	13,21,600/-	Nondisclosure of information related to payment obligations.	Waived off
Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	BSE	11,800/-	Delay in submission of the notice of Record Date.	Paid

*The amount mentioned above is in absolute figure & inclusive of taxes.

p. Details of unsecured advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the year ended March 31, 2024 and March 31, 2023.

q. Details of non-performing financial assets purchased / sold

The Company has not purchased / sold any non-performing financial assets during the year ended March 31, 2024 and March 31, 2023.

r. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposures limits during the year ended March 31, 2024 and March 31, 2023.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

s.Draw down from reserves

There has been no draw down from reserves for the year ended March 31, 2024 and March 31, 2023.

t. Derivatives

Currency and interest rate swap

Particulars	March 31, 2024	March 31, 2023
Notional Principal of swap agreements	89.04	89.04
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreement	0.01	(0.14)
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swap	-	-
Fair value of the swap book	0.01	(0.14)

Exchange Traded Interest Rate (IR) Derivatives

The Company has not traded in Interest Rate Derivative during the financial year ended March 31,2024 (March 31, 2023: Nil).

Disclosures on Risk Exposure in Derivatives

The Company has sourced External Commercial Borrowing in foreign currency. The same has been hedged as required by RBI. Details of Risk Management policy pertains to derivatives has been provided in note 47. Further, quantitative details are given below:

Particulars	March 31, 2024	March 31, 2023
Derivatives (Notional Principal amount) for hedging	89.04	89.04
Marked to market positions		
Asset (+)	-	0.14
Liability (-)	(0.01)	-
Credit Exposure	89.04	89.04
Unhedged Exposure	-	-

u. The Company has no loans outstanding as at March 31, 2024 and March 31, 2023 that are secured against gold.

v. Details of registration with financial and other regulators

Regulator	Registration number	Date of registration
Ministry of Corporate Affairs	L65100DL1994PLC061287	September 5, 1994
Reserve Bank of India	B-14.02857	May 19, 2010*

*The amended certificate has been issued on October 1, 2021 by Reserve Bank of India.

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

w. Disclosure of Liquidity risk management

	Particulars	For the quarter ended March 31, 2024		For the quarter ended March 31, 2023	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	High Quality Liquid Assets				
1	Total High Quality Liquid Assets (HQLA)	-	645.29	-	466.89
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	-	-	-	-
5	Additional requirements, of which	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	754.76	867.97	534.71	614.91
7	Other contingent funding obligations				
8	**Total cash outflows**	**754.76**	**867.97**	**534.71**	**614.91**
	Cash Inflows				
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	1,031.94	773.95	806.98	605.23
12	**Total cash inflows**	**1,031.94**	**773.95**	**806.98**	**605.23**
		Total Adjusted Value		**Total Adjusted Value**	
13	**Total HQLA**		**645.29**		**466.89**
14	**Total net cash outflows**		**216.99**		**153.73**
15	**Liquidity Coverage ratio (%)**		**297.38%**		**303.71%**
	Following assets formed part of HQLA				
	Assets				
	Cash on hand		12.52		12.65
	Balance with Banks- Current Accounts		632.77		454.24
	Total		**645.29**		**466.89**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

	Particulars	For the quarter ended December 31, 2023		For the quarter ended December 31, 2022	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	High Quality Liquid Assets				
1	Total High Quality Liquid Assets (HQLA)	-	634.96	-	552.79
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	-	-	-	-
5	Additional requirements, of which	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	633.81	728.89	513.56	590.60
7	Other contingent funding obligations	-	-	-	-
8	**Total cash outflows**	**633.81**	**728.89**	**513.56**	**590.60**
	Cash Inflows				
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	1,012.82	759.62	981.12	735.84
12	**Total cash inflows**	**1,012.82**	**759.62**	**981.12**	**735.84**
		Total Adjusted Value		**Total Adjusted Value**	
13	**Total HQLA**		**634.96**		**552.79**
14	**Total net cash outflows**		**182.22**		**147.65**
15	**Liquidity Coverage ratio (%)**		**348.45%**		**374.39%**
	Following assets formed part of HQLA				
	Assets				
	Cash on hand		15.06		11.37
	Balance with Banks- Current Accounts		619.90		541.42
	Total		**634.96**		**552.79**

Notes to the Financial Statements

for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

	Particulars	For the quarter ended September 30, 2023		For the quarter ended September 30, 2022	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	-	511.44	-	395.58
Cash Outflows					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	-	-	-	-
5	Additional requirements, of which	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	583.22	670.70	416.80	479.32
7	Other contingent funding obligations	-	-	-	-
8	**Total cash outflows**	**583.22**	**670.70**	**416.80**	**479.32**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	1,034.26	775.70	601.43	451.07
12	**Total cash inflows**	**1,034.26**	**775.70**	**601.43**	**451.07**
		Total Adjusted Value		**Total Adjusted Value**	
13	**Total HQLA**		**511.44**		**395.58**
14	**Total net cash outflows**		**167.68**		**119.83**
15	**Liquidity Coverage ratio (%)**		**305.01%**		**330.12%**
	Following assets formed part of HQLA				
	Assets				
	Cash on hand		11.42		13.96
	Balance with Banks- Current Accounts		500.02		381.62
	Total		**511.44**		**395.58**

Notes to the Financial Statements

for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

	Particulars	For quarter ended June 30, 2023		For quarter ended June 30, 2022	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	-	533.06	-	324.09
Cash Outflows					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	-	-	-	-
5	Additional requirements, of which	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	578.09	664.80	419.88	482.86
7	Other contingent funding obligations			-	-
8	**Total cash outflows**	**578.09**	**664.80**	**419.88**	**482.86**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	929.62	697.21	582.41	436.81
12	**Total cash inflows**	**929.62**	**697.21**	**582.41**	**436.81**
		Total Adjusted Value		**Total Adjusted Value**	
13	**Total HQLA**		**533.06**		**324.09**
14	**Total net cash outflows**		**166.20**		**120.71**
15	**Liquidity Coverage ratio (%)**		**320.73%**		**268.47%**
	Following assets formed part of HQLA				
	Assets				
	Cash on hand		12.18		14.20
	Balance with Banks- Current Accounts		520.88		309.89
	Total		**533.06**		**324.09**

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

x. Schedule to the Balance Sheet of a Non-Banking Financial Company:

S.No	S.No	Particulars	As at March 31, 2024		As at March 31, 2023	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side						
1		**Loans and advances availed by the company inclusive of interest accrued thereon but not paid:**				
	a	Debentures : Secured	196.03	-	520.12	-
		Debentures : Unsecured (other than falling within the meaning of public deposits)	65.05	-	205.12	-
	b	Deferred Credits				
	c	Term Loans	8,376.11	-	6,081.64	-
	d	Inter corporate loans and borrowings				
	e	Commercial Paper				
	f	Public Deposit				
	g	Other loans (lease liability)	**10.48**		**9.39**	

S.No	S.No	Particulars	As at March 31, 2024		As at March 31, 2023	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Assets side						
2	**Break-up of Loans and Advances including bills receivables :**					
	a	Secured	347.00		115.52	
	b	Unsecured	9,955.41		8,238.70	
3	**Current Investments**					
	1	**Quoted**				
	(i)	Shares	-		-	
		(A) Equity	-		-	
		(B) Preference	-		-	
	(ii)	Debentures and Bonds	-		-	
	(iii)	Units of Mutual Funds	-		-	
	(iv)	Government Securities	-		-	
	(v)	Others (Please specify)	-		-	
	2	**Unquoted**				
	(i)	Shares			-	
		(A) Equity	-		-	
		(B) Preference	-		-	
	(ii)	Debentures and Bonds	-		-	
	(iii)	Units of Mutual Funds	0.06		-	
	(iv)	Government Securities	-		-	
	(v)	Others (Please specify)	-		-	

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

S.No	S.No	Particulars	As at March 31, 2024		As at March 31, 2023	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Long Term Investments				-	
	1	**Quoted**				
	(i)	Shares				
		(A) Equity	-		-	
		(B) Preference	-		-	
	(ii)	Debentures and Bonds	-		-	
	(iii)	Units of Mutual Funds	-		-	
	(iv)	Government Securities	-		-	
	(v)	Others (Please specify)	-		-	
	2	**Unquoted**				
	(i)	Shares	-		-	
		(A) Equity	-		-	
		(B) Preference	-		-	
	(ii)	Debentures and Bonds	-		-	
	(iii)	Units of Mutual Funds	2.00		-	
	(iv)	Government Securities	-		-	
	(v)	Others (Please specify) - Pass through certificate, Units of debt fund and security receipts	-		-	

4 Borrower group-wise classification of assets financed as in (2):& (3)

Category	As at March 31, 2024			As at March 31, 2023		
	Amount net of provision			Amount net of provision		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Subsidiaries	-	-	-			
b. Companies in the same group	-	-	-			
c. other related parties	-	-	-			
Other then related parties	338.94	9,608.93	9,947.87	114.39	7,927.17	8,041.56
Total	**338.94**	**9,608.93**	**9,947.87**	**114.39**	**7,927.17**	**8,041.56**

5 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	As at March 31, 2024		As at March 31, 2023	
	Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)
a. Subsidiaries	-	-	-	-
b. Companies in the same group	-	-	-	-
c. other related parties	-	-	-	-
Other then related parties	2.06	2.06	-	-
Total	**2.06**	**2.06**	-	-

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

6 Other information

Particulars	As at March 31, 2024 Amount	As at March 31, 2023 Amount
Gross Non Performing Assets		
a. Related parties	-	-
b. Other than related parties (refer note 6)	297.25	288.89
Net Non Performing Assets		
a. Related parties	-	-
b. Other than related parties (refer note 6)	60.32	70.79

y. Related Party Disclosures

For the year ended on March 31, 2024

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Directors	Relative of Directors	Relative of Key Managerial Personnel	Entities under Common Controlling Interest #	Total
Borrowings :									
Outstanding at the year end	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	48.31	48.31
Deposits	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments :									
Balance at the year end	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	2.92	2.92
Interest received	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	9.67	-	-	-	-	9.67
Amount received for partly-paid shares	-	-	-	-	-	-	-	-	-
Others :									
Sitting Fees	-	-	-	-	0.37	-	-	-	0.37
Reimbursement of travelling expenses	-	-	-	-	0.04	-	-	-	0.04
Loan Processing Fees	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

For the year ended on March 31, 2023

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Directors	Relative of Directors	Relative of Key Managerial Personnel	Entities under Common Controlling Interest #	Total
Borrowings :									
Outstanding at the year end	-	-	-	-	-	-	-	47.82	47.82
Maximum during the year	-	-	-	-	-	-	-	59.53	59.53
Deposits	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments :									
Balance at the year end	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	6.63	6.63
Interest received	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	6.54	-	-	-	-	6.54
Amount received for partly-paid shares	-	-	-	-	-	-	-	-	-
Others :									
Sitting Fees	-	-	-	-	0.44	-	-	-	0.44
Reimbursement of travelling expenses	-	-	-	-	0.02	-	-	-	0.02
Loan Processing Fees	-	-	-	-	-	-	-	-	-

Entities falls under the category mentioned above are not related parties w.e.f. December 15, 2023. Therefore transactions till Dec 15, 2023 has been considered.

z. Loans to Directors, Senior Officers and Relatives of Directors

The Company has not given any loan to directors, senior officers & relative of directors.

aa. Breach of Covenant

There was no breach of covenant of loans availed or debt securities issued by the company as on March 31, 2024. (March 31, 2023 : Nil)

ab. Divergence in Asset Classification and Provisioning

There was no instances of divergence in Assets Classification and Provisioning norms identified by RBI for the year ended March 31, 2024. (March 31, 2023 : Nil)

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

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

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

S. No	Description	JLG Loans	MSME Loans
A	Exposure to accounts classified as standard consequent to implementation of resolution plan- Position as at the end of previous half year i.e., September 30, 2023	2.95	0.35
B	of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2024	-	-
C	of (A), amount written-off during the half year ended March 31, 2024	1.41	-
D	of (A), amount paid by the borrowers during the half year ended March 31, 2024. *	0.42	0.03
E	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of this half year i.e., March 31, 2024	1.12	0.32

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

56 As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on March 31, 2024, all Secured Non-convertible debenture of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on debenture. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of Non-Convertible Debentures at all times. As on March 31, 2024, the Company does not have any listed secured Non-Convertible Debenture.

57 Details of loans transferred/acquired during the year ended March 31, 2024 and year 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 through assignment:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Number of loans	7,07,728	5,22,157
Aggregate amount of loans (including retention)	1,822.82	1,376.58
Sale Consideration of loans (excluding retention)	1,640.53	1,226.44
Number of transactions	9	14
Weighted average in maturity (in months)	15.03	16.23
Weighted average holding period (in months)	9.78	8.41
Retention of beneficial economic interest by the originator	10.00%	10.71%
Tangible security cover	-	-
Rated wise distribution of rated loans	Not applicable	Not applicable

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

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

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

Notes to the Financial Statements
for the year ended March 31, 2024

(₹ in Crore unless otherwise stated)

58 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

59 The Company is using three accounting software for maintaining its books of account wherein, audit trail feature (edit log facility) as per the requirements of proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, was available throughout the year ended March 31, 2024 in respect of one accounting software for book keeping. In respect of one other accounting software for payroll records, Independent service auditor's System and Organisation Controls (SOC 1) Type 2 report has not concluded whether or not the audit trail feature operated throughout the year. In third case of accounting software for loan records, the requirements of audit trail has not been covered in Independent service auditor's System and Organisation Controls (SOC 1) Type 2 report. The Company is in the process of evaluating options for implementing audit trail feature in this accounting software for maintaining its books of account to comply with the prescribed requirements.

60 Analytical Ratios

Particulars	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% variance	Reason for Variance
a) Capital to risk weighted assets ratio (CRAR)	Total Capital	Risk weighted assets	27.53%	27.94%	-1.43%	-
(b) Tier I CRAR	Tier -I capital	Risk weighted assets	26.60%	26.59%	0.04%	-
(c) Tier II CRAR	Tier -II capital	Risk weighted assets	0.93%	1.35%	-31.24%	Due to decerease in subordinated liability on account of repayment.
(d) Liquidity Coverage Ratio	Total High Quality Liquid Assets	Total net cash outflows	297.38%	303.71%	-2.09%	-

Notes to above :

Total risk-weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

Tier I capital means owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

(₹ in Crore unless otherwise stated)

Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days

61 With regard to the new amendments under Division III of Schedule III under Part II – Statement of Profit and Loss - General Instructions for preparation of Statement of Profit and Loss :-

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.

(v) The Company has not any such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

62 The figures for the previous year have been regrouped/rearranged wherever necessary to conform to current year presentation. Further, during the current year, the Company has prepared the financial statement in ₹ crores. Therefore, all the previous year figures have been rounded off ₹ in crores.

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN : L65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Chief Compliance Officer
M. No. A24811

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

Place: Gurugram
Date: May 06, 2024

Notes

Notes

fusion
Finance

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