FUSION FINANCE LIMITED
ANNUAL REPORT 2024-25

Fusion Finance

Celebrating

years of Impact

CORPORATE OVERVIEW

MANAGEMENT REPORTS

FINANCIAL REPORTS

MESSAGE FROM MD

Over these 15 years, we have not only expanded our reach but also deepened our commitment—to create sustainable impact through responsible lending and inclusive practices.

Mr. Devesh Sachdev, MD, Fusion Finance Limited

Fusion was among the first ones to identify the stress in the industry and quickly take measures to address it.

Dear Shareholders,

As Fusion turned 15 in January 2025, we proudly celebrated a journey defined by purpose, resilience, and transformation. What began in 2010 as a vision to bring formal financial access to India's unserved and underserved communities has grown into a vibrant, values-driven institution making a meaningful difference in millions of lives.

Over these 15 years, we have not only expanded our reach but also deepened our commitment—to create sustainable impact through responsible lending and inclusive practices. Each challenge we faced became a catalyst for innovation, and every milestone served as a reminder of the trust placed in us by our customers, employees, shareholders, debt providers and other stakeholders.

Reflections on FY2024-25

While FY2024-25 marked a major milestone, it was also a year of significant trials for the entire industry. A deep credit cycle tested the resilience of many players, including Fusion. Yet, our strong institutional framework enabled us to weather the storm. Throughout our journey, we have remained firmly rooted in our core values, and the past year was no different.

This is reflected in the proactive steps we took. Fusion was among the first to recognise the emerging stress in the system—and the first to act decisively. We implemented measures that went beyond even the MFIN guardrails, strengthening our credit policy, balance sheet, and leadership team to protect our business and our customers. Our calibrated decision to absorb short-term pain underscores our commitment to long-term sustainability.

From Start-up to Respected Institution

Looking back, when we planted the seed for Fusion as a startup, we could not have foreseen how long, rewarding, and transformative this journey would be. It gives me immense satisfaction as a founder to have played a role in shaping Fusion's evolution—from a start-up in 2010 to our IPO in 2022, and now, a respected name in the financial services industry.

Over the years, transparency and governance have been two key pillars of Fusion. In the midst of credit cycle in FY25, we were the first company to raise capital through successful Rights Issue, and we remain deeply grateful for the unwavering trust of our shareholders. Notably, Fusion continues to receive support and encouragement from our lenders in spite of covenant breaches in FY25 and we remain thankful to our debt providers for their understanding in difficult times.

Fusion's strength has always been its people. This is an area where I have taken proactive steps in institutionalizing the business—ensuring we build not just a team, but an enduring culture.

Our People, Our Strength

Fusion's strength has always been its people. This is an area where I have taken proactive steps in institutionalizing the business—ensuring we build not just a team, but an enduring culture. Despite the industry headwinds of FY25, we honoured our commitments—conducting regular performance evaluations, awarding annual bonuses, and providing salary increases.

We have nurtured a culture where careers can thrive, and leadership is built from within. Today, we are proud of a high-vintage team, with talent that spans grassroots to boardroom. This institutional depth gives Fusion both continuity and adaptability as we look to the future.

Stepping Back to Move Forward

In FY26, I will transition to the role of Non-Executive Chairman. As a founder, this is an emotional but considered decision. The institution we've built – resilient, values-driven, and forward looking – gives me confidence in the road ahead. This fundamental foundation has served us well through various episodic challenges including past year.

A founder's journey is never linear – it's marked by resilience, sleepless nights, difficult decisions, and countless sacrifices that often go unseen. At every step, my decisions were guided by a single question: What serves the long-term interest of Fusion best? I chose to put the company first – ahead of personal comfort, recognition, or short-term gain. With that same spirit and conviction, I now step away from my executive responsibilities.

Changing Industry Contours

As the industry moves toward recovery, we foresee evolving dynamics. The demand for credit remains strong, but future success will hinge on adaptiveness, swift adoption of new-age technologies, and a disciplined, process-oriented approach due to the evolving model and changing landscape. What will remain essential is a sharp customer focus and agility in both operations and strategy.

In Conclusion

The journey so far has been the greatest privilege of my life. I remain deeply grateful to our customers, employees, Board members, investors, lenders, rating agencies, analysts, business partners, regulators, and all other stakeholders for their continued support. A special thanks to MFIN for its critical role in supporting the growth of our industry.

I am proud to see Fusion standing tall today—resilient, relevant, and ready for the future.

Thank you,

Devesh Sachdev

MESSAGE FROM CEO

"Our focus lies on sustainable growth along with ensuring robust corporate governance standards and strong customer centricity."

Mr. Sanjay Garyali, CEO, Fusion Finance Limited

Dear Shareholders,

It's been a short while since I started my journey with Fusion. From the start, Devesh and I laid out a well-defined transition plan and we are both pleased with how seamlessly that process has unfolded. These are undoubtedly big shoes to fill, but I step into this role with excitement, determination, and a deep sense of responsibility. Being a part of the organisation gave me the opportunity to closely witness the legacy that Fusion has created in a span of 15 years. For an organisation, it is not just the sheer size of the business that defines legacy but the kind of impact that it has created. The reach that Fusion has created in rural areas pushing the financial inclusion cover...the way it has built equity with clients resulting in many longstanding relationships and enabling millions of rural entrepreneurs...the strong position it holds among its partners and stakeholders...all point towards the deep impression that Fusion has made on the microfinance landscape. It truly inspires me. At the same time, I also feel energised to have joined Fusion's journey at a crucial time both for the industry and the organisation.

Overview of the Microfinance Industry

The industry has been in the troubled waters last fiscal year and is wading its way towards recovery. According to an industry report*, the microfinance Gross Loan Portfolio (GLP) stood at Rs 381.2K crore in Mar'25, declining 13.9% YoY. The disbursements declined by 38% YoY to about Rs 71.5k crore as of Mar'25. However, after continued decline through the quarters in FY25, disbursements saw a rebound in Q4. While the industry continued to witness persistent repayment challenges and delinquency trends, especially in PAR180+ category, early delinquency (PAR1-30) peaked in September and improved to 1.4% by Mar'25 from 2.1% in Sept'24. Similarly, PAR31-180 decreased to 6.2% by Mar'25 from 6.4% in Dec'24.

The reasons for the challenges seen by the industry in the past year may be myriad, external and internal, but what we should remember is that the industry has risen from such tough times in the past as well.

[*CRIF High Mark Microlend Report March 2025]

Financially, FY25 was a recovery phase. The Company's total income fell slightly to Rs 2,369 crore vs Rs 2,412 crore in FY24, while Pre Provision Operating Profit stood at Rs 736 crore.

Fusion Steered Through a Testing Year

Like the rest of the industry, Fusion also experienced the disturbances during FY25. However, the Company demonstrated continued resilience. The Company's Assets Under Management (AUM) stood at Rs 8,980 crore as of March 31, 2025, with total loan disbursements reaching Rs 6,971 crore. We served an active borrower base of approximately 32 lakh clients through 1,571 branches across 22 states and Union Territories. Our Gross NPA continued downward trajectory and reduced to 7.92% in Q4FY25 (from 12.58% in Q3FY25), Net NPA dropped to just 0.3%. This underscores the effectiveness of enhanced credit controls, selective lending, and proactive collections.

Financially, FY25 was a recovery phase. The Company's total income fell slightly to Rs 2,369 crore vs Rs 2,412 crore in FY24, while Pre Provision Operating Profit stood at Rs 736 crore. The Company reported a net loss after tax of Rs 1,225 crore in FY25, however, our losses narrowed significantly to around Rs 165 crore in Q4FY25 from around Rs 719 crore in Q3FY25. Moreover, our credit cost decreased to Rs 253 crore in Q4FY25 from Rs 571 crore in Q3FY25 despite higher provision coverage and accelerated write-offs.

Impact of Interventions

Let me start with a key operational metric - current bucket collection efficiency, which reached 98.44% in March 2025, up over 180 bps since the start of the year.

This progress reflects a combination of:

- Stronger-than-industry credit guardrails on new disbursements,
- Early stress detection among overleveraged customers, and
- Enhanced branch-level discipline.

Within our overall loan book, the new book - originated under these enhanced guardrails since August 2024, now stands at Rs 2,450 crore, comprising 34% of the total portfolio. This segment recorded a collection efficiency of 99.67% in March 2025. We have also made structural improvements to portfolio management. The average number of customers per Relationship Officer (RO) is now around 345, as on March 31, 2025. While we continue to evaluate the optimal number, we're simultaneously investing in a more seamless, paperless customer journey. Importantly, the value per RO is expected to rise as we focus on vintage and repeat-cycle customers, who generally have lower leverage.

Our portfolio quality is also improving, and we are seeing clear gains in customer quality. As of March 31, 2025, the proportion of clients with more than three lenders has dropped to 18%, down from 31% a year ago. The monitoring of lender exposure will remain a critical input in our multivariate credit models. Our disbursement strategy continues to be measured, and data led.

On the HR side, we are focused on strengthening core competencies and aligning behaviour with outcomes.

MSME Business

Our MSME business is growing steadily and selectively. As of March, AUM stood at Rs 673 crore, with Rs 349 crore disbursed during FY25. The book is about 90% secured, with a client IRR of ~22%. We operate through 105 branches, supported by a direct acquisition team and an approval rate of 50%. We will continue to expand this as a differentiated, tech-driven vertical, with a dedicated leadership team overseeing the business.

Technology & HR – Our Core Enablers

Our Technology and HR teams continue to be critical enablers of our transformation. The IT team has delivered key components of our LOS in-house while collaborating with external partners where speed and scale are vital. Their twin focus is reducing borrower-level risk and easing the onboarding burden on our front-line teams. On the HR side, we are focused on strengthening core competencies and aligning behaviour with outcomes. Majority of our field leadership are with 3 years or more vintage in the Company, however, we recognize the need to build capabilities at the front lines. To strengthen the governance structure on ground, we have ensured the presence of at least one non-sales employee per branch, further supported by the tech advancements currently underway.

Conclusion

Over these past few months, I have deliberately concentrated my efforts in three key areas:

- Engaging with employees and customers at our meeting centres to stay connected with the ground reality,
- Collaborating closely with our central office teams to immerse myself in the core of our operations, and
- Building continuity with our lenders, investors, and analysts to align expectations and reinforce our relationships.

We are now entering a new phase at Fusion. The past year brought its share of challenges, but I want to be clear - the most difficult period is behind us. In recent months, we have taken some tough but necessary steps which laid a solid foundation for the future. Today, our business is stabilizing, our teams are energized, and we are beginning to see tangible signs of operational and financial improvement. The focus has shifted, from recovery to consolidation, with renewed purpose, sharper priorities, and an emphasis on disciplined execution.

I can confidently say that Fusion is no longer in firefighting mode. We are stabilizing, simplifying, and strengthening. As we step into FY26, our priorities are clear:

- Protect asset quality
- Rebuild profitability
- Execute our tech transformation with discipline

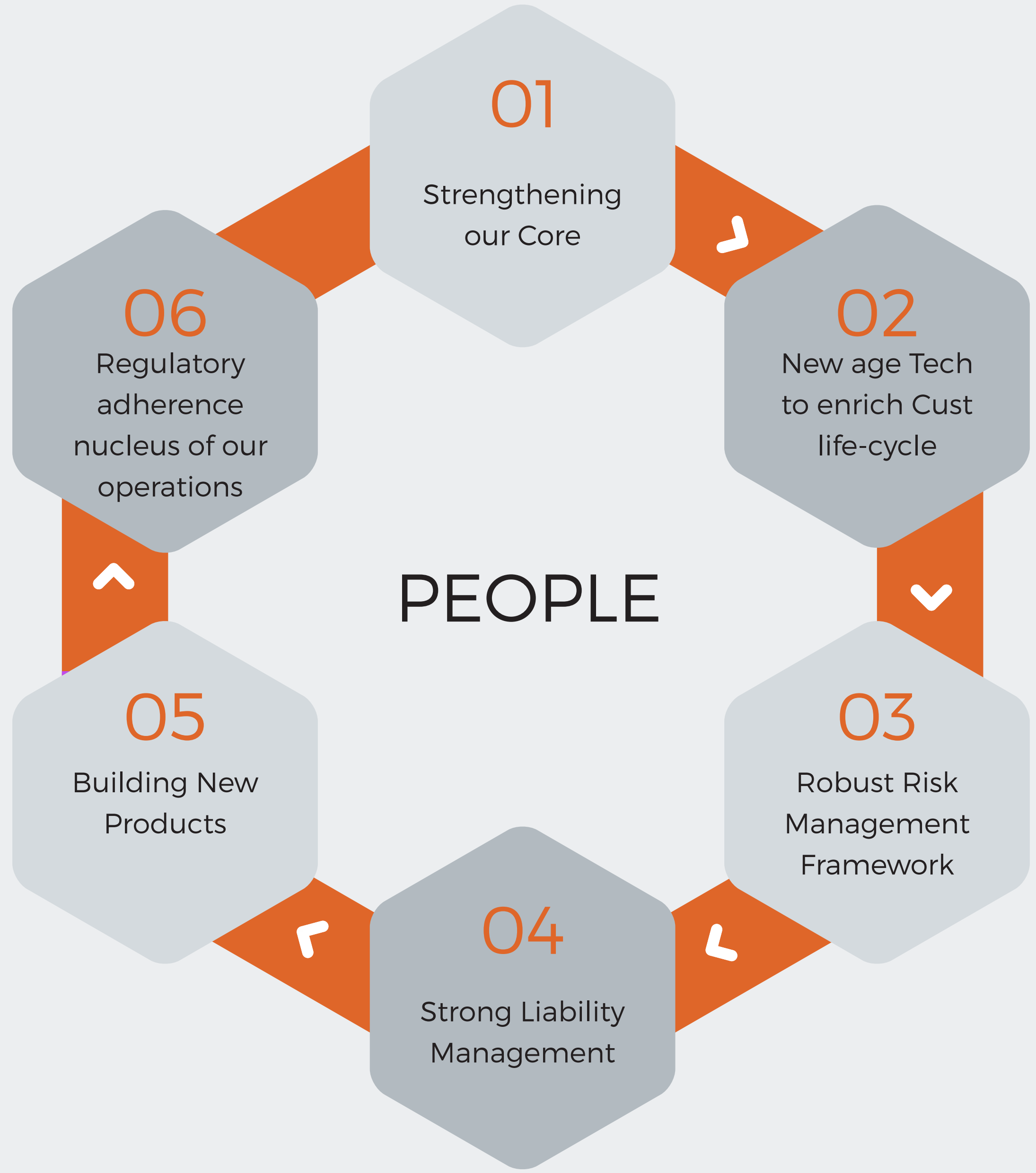
We are cautiously optimistic and believe the worst is behind us—but we remain vigilant and focused as we move ahead.

And as we do so, I would like to thank all our stakeholders including shareholders, lenders, Board members, partners, and employees among others to continuously believe in Fusion and hope for the equally robust support in the future as well.

Thank you,

Sanjay Garyali

OUR FOCUS AREAS



MILESTONES

2010
Started operations

2015
Expanded operations to **five states**

2017
Achieved AUM of over **Rs 1,000 crore**

2018
Expanded operations to **18 states**

2019
Diversified to **MSME** loans

2021
Reached **2.2 million active clients**

2022
IPO

2023
Crossed **Rs 10,000 crore AUM**

2024
Changed name to **Fusion Finance Limited**

2025
Rights Issue
3.2 million+ active clients across **22 states**

About Fusion Finance Limited

Fusion Finance Limited (Formerly known as Fusion Micro Finance Limited) was established in 2010 as a registered NBFC-MFI, operating under the Joint Liability Group (JLG) lending model inspired by Grameen. Founded with the mission of creating opportunities at the bottom of the pyramid, Fusion focuses on delivering financial services to underserved and unserved women in rural and semi-rural areas across India.

In 2019, the Company diversified its offerings by launching a new MSME loan vertical to address the needs of the 'missing middle' segment. By 2022, just 12 years after its inception, Fusion achieved a significant milestone by becoming a public listed company on India's premier stock exchanges, BSE and NSE.

Fusion leverages its robust network, customer-first approach, and technology-driven platform to enhance access to formal credit. This has led to meaningful improvements in the lives of its rural customers. With a strong presence in underserved markets, the Company is well-positioned to expand its range of financial products where the need for financial inclusion remains high.

Integral to our culture

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

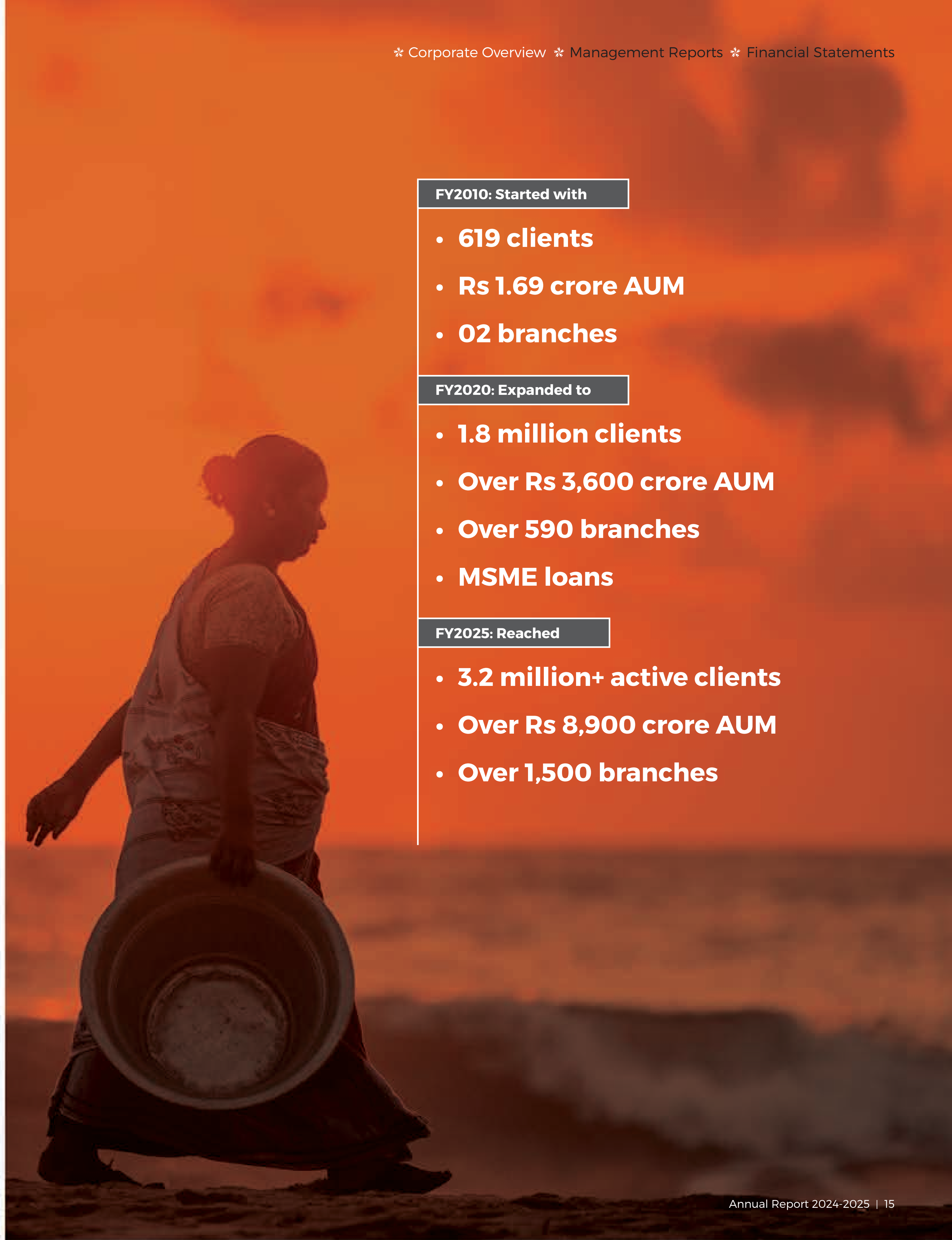
Our Business Verticals

Microfinance
We offer small loans to women entrepreneurs from low-income communities who lack easy access to traditional financial services.

Disbursements FY 25 (Rs in cr)	AUM FY25 (Rs in cr)
6,623	8,307

MSME loans
We cater to the 'missing middle' segment of the MSME sector by offering loans to growing small businesses for needs such as working capital and solar rooftop installations, among others.

Disbursements FY 25 (Rs in cr)	AUM FY25 (Rs in cr)
349	673



FY2010: Started with

- **619 clients**
- **Rs 1.69 crore AUM**
- **02 branches**

FY2020: Expanded to

- **1.8 million clients**
- **Over Rs 3,600 crore AUM**
- **Over 590 branches**
- **MSME loans**

FY2025: Reached

- **3.2 million+ active clients**
- **Over Rs 8,900 crore AUM**
- **Over 1,500 branches**

Key metrics that defined us in FY2024-25

Active Customers
32.1 lakh

Branches
1,571

District
497

States
22

Team Size
15,274

Net worth
Rs 1,643 cr

Key Highlights, FY25

6,971
Disbursement (Rs crore)

2,369
Total Income (Rs crore)

736
Pre-Provision Operating Profit (Rs crore)

(1,225)
Profit/Loss After Taxes (Rs crore)

8,980
Assets under Management (Rs crore)

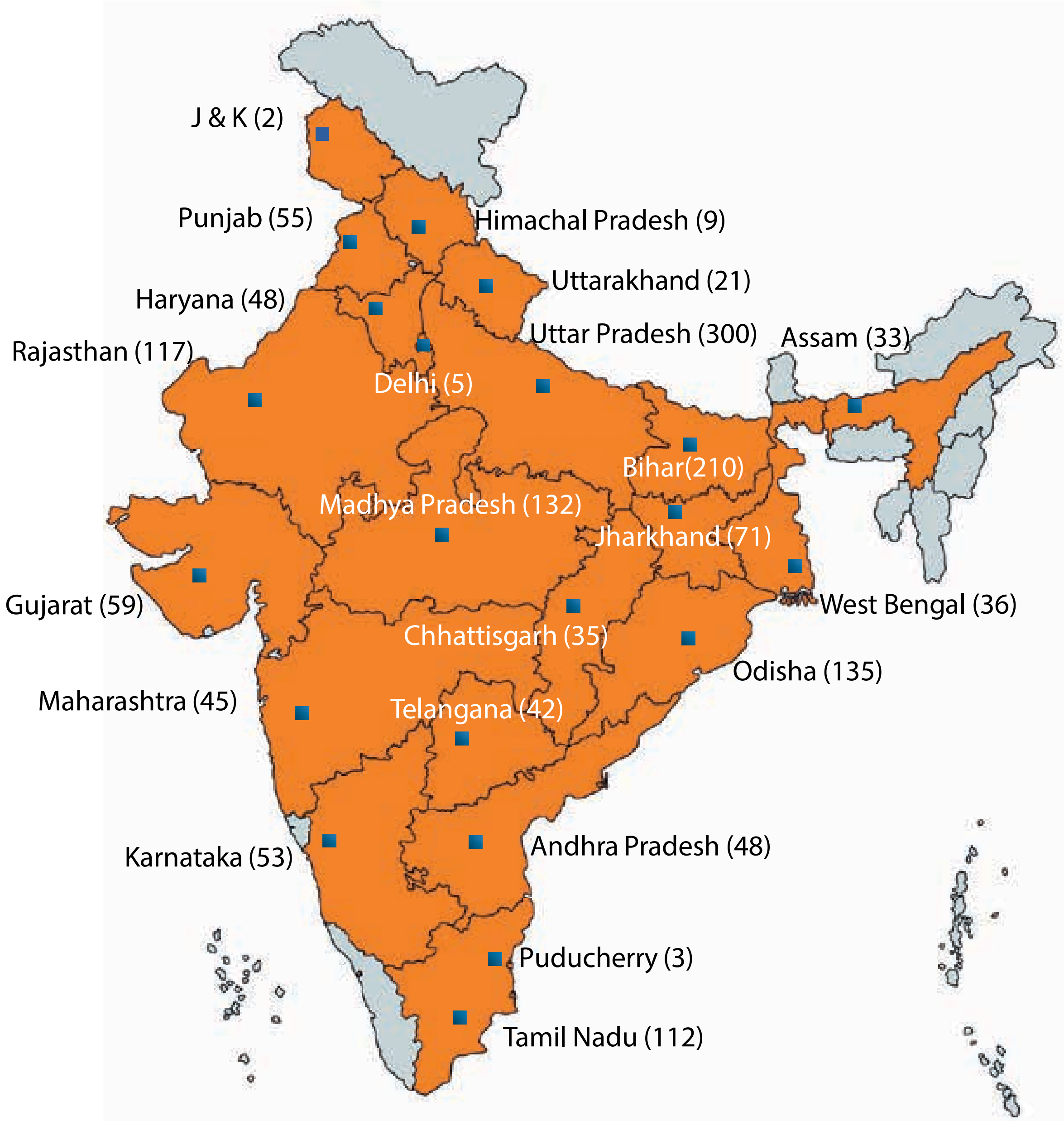
0.30
Net Non-Performing Assets (%)

7.92
Gross Non-Performing Assets (%)

22.42
Capital Adequacy (%)

10.21
Net Interest Margin (%)

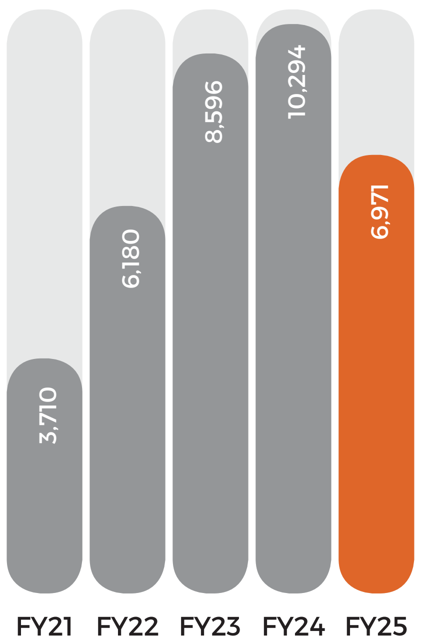
Our Presence



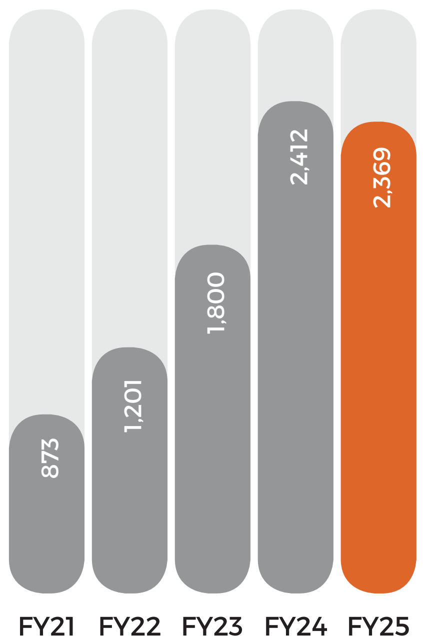
	FY15	FY16	FY24	FY25
States	5	9	22	22
Districts	38	88	453	497
Villages	7,289	15,218	1,42,083	1,60,585
Branches	75	173	1,297	1,571
AUM (Rs Cr)	295	647	11,476	8,980

Key Performance Indicators

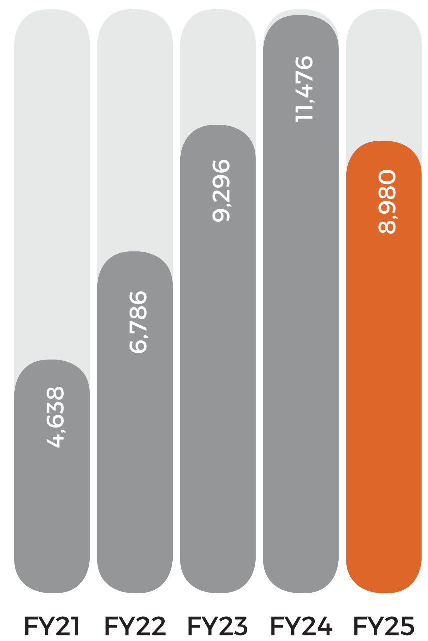
Disbursements (Rs crore)



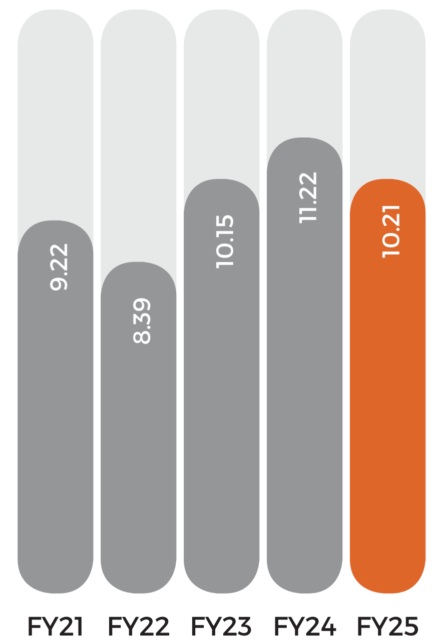
Total Income (Rs crore)



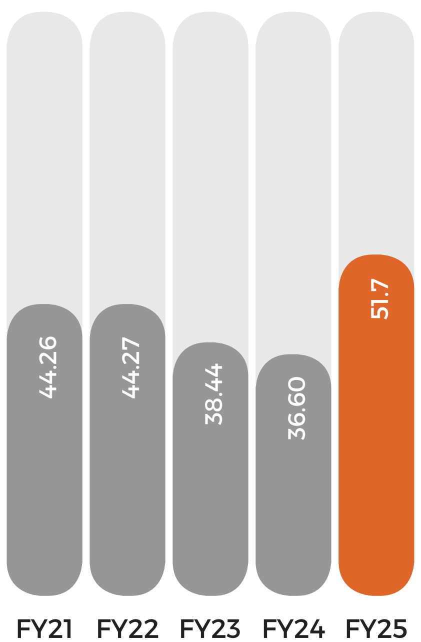
Asset Under Management (Rs crore)



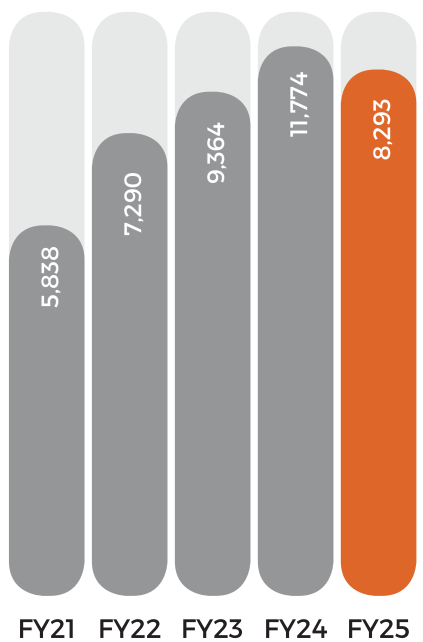
Net Interest Margin (%)



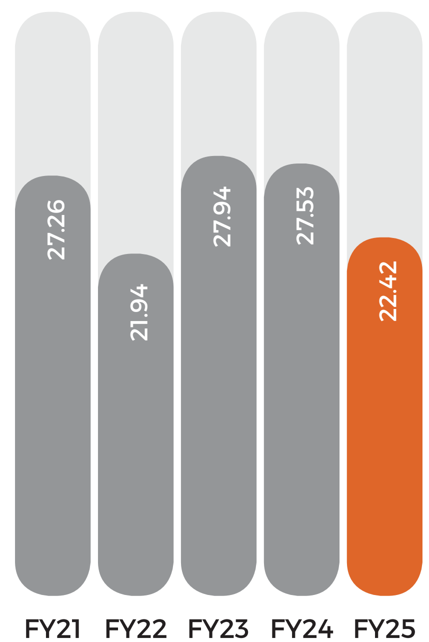
Cost-Income Ratio (%)



Total Assets excluding ECL (Rs crore)



Capital Adequacy (%)



MFI

Championing Inclusive Finance

From the very beginning, our efforts have been rooted in a clear purpose, to empower unserved and underserved women in rural India through access to formal financial services. Every step we have taken over the past 15 years has been focused on deepening financial inclusion and reaching the last mile with empathy, efficiency, and impact.

Today, with a client base of approximately 3.2 million women, we are privileged to be part of their growth journeys. Our approach has consistently blended human connection with technology enablement, allowing us to foster meaningful relationships while enhancing service delivery and operational scale.Fusion had a total of 1,466 microfinance branches as of FY25 and added 169 new branches during the year. Although no new states were added during the year, we focused on strengthening our presence by increasing branch density in existing geographies to deepen market penetration.

During the year, the focus was on improving customer retention, boosting Fusion+0/Fusion+1 sourcing, piloting new products, enhancing collection efficiency, and reducing operational costs through digital tools and agency model restructuring.

MFI Portfolio as on 31st March 2025

FY25 saw cautious growth due to sectoral challenges. The Asset Under Management (AUM) stood at Rs 8,307 crore during FY25 against Rs 10,946 crore in FY24.During FY25, we disbursed Rs 6,623 crore which saw decrease from Rs 9,932 crore in FY24. This was a result of our strategy focused on portfolio quality and conservative disbursements through stronger guardrails and focus on Fusion+0 and Fusion+1 customers.

During FY25, Fusion introduced guardrail norms to limit exposure to customers with more than two concurrent lenders (F+2 cap), refining credit access criteria. This change was driven by a need to maintain credit discipline and portfolio quality amidst rising sectoral risk. To support collection efforts and sourcing, both the teams at the branches and under collection vertical were expanded. New Relationship Officers (ROs) were onboarded in alignment with the branch expansion strategy, especially to support new sourcing norms such as Fusion+0 and Fusion+1 outreach. RO numbers have seen a growth of ~9% YoY. Field operations were supported by central data insights enabling better targeting of matured customers to increase Fusion+0 and Fusion+1 sourcing. Further, digital collections infrastructure was scaled up, increasing digital repayment share from 7.4% in Apr'24 to 18% in Mar'25. Additionally, data analytics (including Propensity Models) were deployed to identify high-potential delinquent accounts and improve field-level collection efficiency.

As a result of these efforts, Collection Efficiency (CE) improved significantly during FY25. The current bucket CE increased from 96.12% in Q2 to 98.44% in Mar'25, reversing a six-month declining trend.

We also started a new loan product initiative 'UJALA' in FY25, aimed at customers with a strong repayment history. Going forward, our focus will include scaling the new product, expanding process quality managers to 500 branches, strengthening agency partnerships, and deepening digital collection and analytics systems to improve efficiencies.

MSME

Churning the Rural Engine

At Fusion, we are committed to meeting the credit needs of underserved customers, including providing tailored financial services to MSME entrepreneurs. Our MSME business loans specifically target the "Missing Middle" segment within rural areas, ensuring access to funding where it is needed most. We provide tailored financial services to MSME entrepreneurs, helping them to access credit in an easy and timely manner.

We consciously expand our footprint across geographies, therefore, our MSME segment is currently operational in 8 states including Uttar Pradesh, Bihar, Rajasthan, Gujarat, Haryana, Delhi, Jharkhand and Madhya Pradesh.

As of 31st March 2025, 105 branches were operational and a total of 14 new MSME branches were added in existing states. In FY25, the number of field officers increased from 549 in March 2024 to 580 in March 2025, indicating a net addition of 31 officers during the year.

We have a strong credit infrastructure in place to underwrite informal customer segment and rural properties. In fact, 100% of our customer base in SME is classified as Priority Sector Lending (PSL) category.

Under MSME vertical, we deployed some digital solutions in FY25 to improve operational efficiency. During the year, we launched our loan application platform called "FINDOST." We introduced this in-house LOS (Loan Origination System) and LMS (Loan Management System) application that also includes field collection module to enhance field operations. Additionally, we implemented a Ground Reporter Module, designed for field sales officers (BDOs), allowing real-time tracking of their activities. Through the mobile app, sales personnel can digitally capture and submit leads, significantly improving efficiency, transparency, and turnaround time in the field operations. This system is fully capable of handling increasing operational demands while ensuring data security and better control, as it is developed and managed internally. The in-house nature of the platform also allows for greater flexibility, faster updates, and seamless integration with our existing processes. We are now listed over Bhart Bill payment system (BBPS) and our digital collection efficiency stood at 92.46% in FY25.

Portfolio as on 31st March 2025

In FY25, AUM reached Rs 673 crore including BC portfolio, marking a healthy YoY growth of 26.85%, driven by consistent portfolio expansion and strong asset quality focus. We added over 7661 new customers during the year. In FY25, we disbursed Rs 349 crore and our average ticket size was Rs 4.46 lakh during the fiscal.

Secured Loans

At Fusion, we have moved towards 100% secured loan and in last Q4 we have disbursed 100% collateral-based loans that consist of loan against property. The total number of loan accounts as of FY25 stood at 13,947, reflecting a 62.28% YoY growth.

Solar finance

Aligned with India's goal to achieve net zero emissions by 2070 and meet 50% of its electricity needs from renewables by 2030, Fusion continued its commitment to clean energy through its Rooftop Solar Finance initiative under the Solar Energy Asset Finance Program for MSMEs in semi-urban and rural areas. As of 31st March 2025, the program had 1,368 active loan accounts, with a total portfolio outstanding of Rs 53.14 crore. During FY25, 11346.3 KW of solar capacity was installed.

Growth drivers

In FY25, we focused on strengthening our technical capabilities by launching an in-house application aimed at simplifying the loan process, collection system and reducing turnaround time (TAT).

These initiatives, along with continued focus on MSME loan disbursements and solar loan offerings, were key drivers of growth during the year, while we have also used API solutions for due diligence.

We remain committed to leveraging our captive business channels while enhancing the productivity of our established branches and further strengthening our underwriting capabilities. Another key area of focus will be investing in employee upskilling and strategic talent acquisition to support our growth ambitions.

ENABLING GROWTH. EMPOWERING PEOPLE.

At Fusion, our people are at the core of our strategic advantage- enabling operational excellence, responsible growth and long-term value creation. We are unwavering in our commitment to fostering a value-driven culture rooted in Responsibility, Respect, Transparency, Governance, Collaboration, and Customer Focus. In FY 2024-25, our people agenda was closely aligned with the Company's business transformation goals, ensuring that employee engagement, leadership development and digital HR practices evolved in step with market demands and stakeholder expectations. We continue to follow a comprehensive approach towards employee engagement which is focused on three pillars:

13,807
employees in FY2023-24

15,274
employees as of FY2024-25 up 11% YoY

Connect
Fostering strong relationships and cross-team collaboration through open communication that empowers employees and promotes trust, inclusivity, and respect for diverse perspectives.

Cultivate
Creating a merit-based, supportive environment that cultivates talent, develops skills, and aligns growth opportunities with Fusion's strategic goals.

Celebrate
Recognizing employee contributions to inspire pride, a sense of achievement, and ongoing motivation for excellence.

Building a Connected, Engaged Workforce

Our employee engagement approach was enhanced through more frequent, meaningful interactions, continuous feedback mechanisms, and focused interventions that support both professional growth and personal well-being. We strengthened our talent management practices with an emphasis on career progression, holistic wellness, and timely recognition—while embedding agility and consistency across the employee lifecycle.

To stay aligned with our dynamic business environment, we accelerated the adoption of technology and data-driven insights, enabling smarter HR operations and deeper organizational alignment.

Looking forward, we will continue to invest in our people—ensuring they are equipped with the capabilities, culture, and clarity necessary to drive sustainable growth and deliver long-term value.

In FY2024-25 as well, we remained committed to fostering a transparent, inclusive, and engaging workplace through continuous connection and recognition initiatives. Key highlights include:

Engagement Initiatives

Incentive Programs:
Sahyog, our peer-support onboarding initiative, helped integrate 9,944 new joiners- strengthening early retention and accelerating cultural alignment. Its success has led to a broader revamp of incentive schemes under an enhanced Rewards & Recognition (R&R) framework.

Samvaad – Employee Newsletter:
Launched to share company updates, success stories, and cross-functional achievements, Samvaad has become a key platform to foster a sense of belonging and pride among employees.

HR Policy Awareness:
Monthly interactive HR Policy Quizzes were introduced to strengthen awareness of key policies in a fun and engaging manner.

Communication Platforms:
Regular virtual townhalls and regional meets fostered consistent communication and enabled effective feedback mechanisms:

- **Sangathan:** 32 sessions were held across regions.
- **Baithaks:** 313 sessions engaged employees, ensuring consistent leadership dialogue.

Employee Engagement Activities:
- **Corporate & Head Office:** 21 engagement programs (including Cyber Security training, professional grooming, etc.) were organised covering all the employees at both the offices.
- **Regional Teams:** 1,148 engagement activities were conducted, engaging approximately 13,769 employees.

Leadership Connect

MD Townhalls:
Managing Director Devesh Sachdev connected with regional employees in May and two separate sessions for corporate & head offices employees were organised in June and November to communicate key organizational updates.

Functional Leadership Engagements:

- Chief Business Officer and CHRO addressed Regional Managers and above in the MFI-BO team during the June 2024 launch of the Sahyog incentive program.
- Head of Recovery & Collections addressed employees from relevant departments in September regarding the revamped incentive structure.

Recognitions & Awards

We continue to enhance our employee recognition ecosystem to ensure high motivation among employees. In FY2024-25, we introduced multiple awards under MSME Reward and Recognition Program such as Spot Award, Star BDO and BCM Award wherein 23 employees respectively were felicitated along with the winners of Branch awards. Further, under our MFI vertical, over 3,000 employees were felicitated with monthly, Cluster Champion Awards, and quarter awards that felicitated 150+ Star Awards winners, and 1,600+ employees for Long Service Awards. In a unique initiative, we also extended appreciation to families of award recipients—recognizing their role in supporting our employees' journeys.

Employee Celebrations & Culture Building

At Fusion, we strive to create a vibrant and inclusive culture through celebration of various employee milestones, recognitions, and fun activities. In FY2024-25 too we held many events like Fusion Got Talent, Children's Day Drawing Contest, and festive competitions to create a sense of community and fun environment. As part of the Cluster Super Champions event, 11 winners across 10 clusters and 6 states were felicitated in June 2024. Over 1,600 employees were recognized for service milestones of 3, 5, 7, 10, and 15 years. In FY25, 64 employees completed 10 or 15 years of service pan India.

Ensuring Employee Well-being

Fusion remains deeply committed to supporting the overall well-being of its employees through a range of health, wellness, and workplace initiatives. To encourage preventive care and raise awareness, wellness talks were conducted across India, covering essential topics such as stress management, nutrition, fitness, and work-life balance.

Our comprehensive insurance coverage has been further enhanced to include parental coverage for employees at the managerial level and above, offering added peace of mind for our teams and their families.

Further, varied wellness sessions on professional grooming, financial planning, mental health and physical fitness—including our regular yoga classes and fitness challenges—have helped foster a culture of care, balance, and personal growth. We are also introducing new initiatives like the Employee Assistance Program (EAP), which will provide digital access to counselling services and expert guidance, further strengthening our commitment to employee well-being.

Workload Rationalization:

In FY 2024, each RO/SRO at MFI branches managed an average of 600 active loan customers. This was optimized in FY 2025, reducing the load to 345 customers per RO/SRO—enhancing productivity and employee well-being.

Driving Diversity and Inclusion

The Fusion family continues to grow steadily, with an 11% increase in our total workforce compared to the previous fiscal year. As of March 31, 2025, our people strength had grown to 15,274, comprising a robust regional team of 14,000+ and a dedicated corporate team of 1,150+ people.

Diversity and inclusion remain key focus area for us. We are proud to share a notable improvement in gender diversity, with over 30% increase in our women workforce between March 2024 and March 2025. This includes a remarkable 49% growth in female representation within our regional operations and an 18% increase at our head and corporate offices.

Our endeavour has always been to empower our women workforce through various initiatives. For instance, on the occasion of International Women's Day, we curated a week-long series of events, including sessions on wellness, grooming, cybersecurity, and financial independence—underlining our commitment to enable women in the workplace.

Learning and Development: Nurturing Leadership at Every Level

At Fusion, we are committed to empowering our teams with the skills and knowledge necessary to lead, grow, and succeed. This focus has helped us in building strong business capabilities, with 85% of our workforce actively engaged in direct business roles across MFI and MSME segments. Through a diverse range of programs and initiatives, Fusion has empowered employees across all levels to excel in their roles and contribute to the organization's success. The focus on supervisory programs has strengthened leadership skills, while consistent digital engagement ensured widespread access to vital information and assessments.

Key Highlights for FY2024-25

Total Training Hours: **7500+**	Unique Employees Trained: **13,883**
Sessions Conducted: **1800+**	Weekly Digital Engagement: **10K** Employees

This year, we introduced a series of impactful development programs aimed at nurturing leadership and operational excellence:

Managers as Leaders (MFI) – In collaboration with Neo Synapses, this program equipped Area and Divisional Managers with essential leadership tools and strategies. The program was designed for the microfinance vertical to drive positive changes in the field.

NEEV – A two-day classroom program designed for Branch Managers, centered on upskilling for better business operations, ensuring they possess the knowledge and skills to effectively lead their teams and drive business growth. More than 1,000 participants across 25+ batches have benefitted.

ELEVATE – A leadership development initiative tailored for our Corporate and Business teams to build future-ready leaders.

NextGen Leader Training (MSME) – A leadership grooming program for 32 high-performing employees from across India, preparing them for key roles.

Findost Training – A comprehensive training initiative for our in-house Loan Origination and Management System in MSME, featuring train-the-trainer and user-specific modules.

Cyber Security Training – Awareness sessions to reinforce secure digital practices and ensure regulatory compliance.

To foster a culture of continuous learning, we also launched the “Did We Know” weekly learning nuggets series for our field staff, delivered in vernacular languages to ensure accessibility and wider impact.

Key Highlights of Our Intellectual Capital:

- **Experienced Field Leadership:** 58% of field leaders have over three years of experience at Fusion, demonstrating strong institutional knowledge and continuity.
- **Robust Internal Talent Pipeline:** 70% of field leadership positions have been filled through internal promotions, reflecting our commitment to developing homegrown talent.
- **Stable Leadership Team:** Over 50% of Fusion’s leadership has been with the organization for more than three years; the core management team has an average tenure of six years.
- **Efficient Support Structure:** The enabling functions to business ratio stands at 11:1, ensuring robust support for manpower, technology, and governance needs.
- **Strong Governance Presence:** Governance teams maintain a healthy field presence, with at least one resource allocated per branch.

The Road Ahead

As we enter FY 2025–26, Fusion is determined to scale up efforts to reinforce focus on employee engagement, well-being, and performance through several new initiatives:

Regional Employee Connect & Recognition

To strengthen the bond between corporate and regional teams, we will introduce a quarterly “Regional Champions” program, recognizing top-performing field staff in disbursements, collections, and customer service.

In addition, Regional Town Halls and Leadership Roadshows will be held to foster open dialogue and deeper connection with senior leadership.

Employee Welfare

Promoting holistic well-being remains a key priority. We will roll out branch-level fitness challenges and financial wellness sessions across locations, along with collaborations with local clinics and hospitals to offer free or discounted health camps in suburban areas.

Professional Development & Career Progression

To support retention and growth in the field, a clearly defined career progression map will be shared, outlining pathways from Relationship Officer (RO) to Branch Manager (BM), Area Business Manager (ABM), and beyond—offering transparency and motivation for career advancement.

Digital Transformation: Enhancing Employee Experience

We are transitioning to Darwinbox, a next-generation HRMS platform designed to simplify processes and elevate the employee experience across the organization.

As part of this digital shift, we’re launching structured Employee Check-in Programs to understand and proactively address attrition drivers:

- New Joinee Surveys: Conducted at 1, 2, and 3-month intervals to gather feedback and improve onboarding.
- Quarterly Pulse Checks: Short, 5-minute surveys to gauge morale and engagement.
- Stay Interviews: Focused conversations with key field staff to understand what’s working and identify areas for improvement.

Our journey continues to be driven by the passion and commitment of our people. With sustained investment in development, recognition, and care, we are dedicated to building an organization where every employee feels valued, empowered, and inspired to grow.

“As we evolve in a dynamic environment, we remain committed to creating a workplace that delivers growth for our people and value for all stakeholders.”

DRIVING TECH TRANSFORMATION

At Fusion, we follow a 'Touch & Tech' approach and have successfully integrated technology across our operations in India. In collaboration with select technology partners, we have developed a robust technology platform that serves as a key business enabler—enhancing customer service, improving operational efficiency, and creating strategic advantages.

Fusion's tech stack is built with cloud-native, secure-by-design principles, offering scalability, agility, and enhanced user experiences across geographies. The integration of SASE, EDR, automated patching, and DLP reflects a forward-looking security posture. Its balanced focus on digitization, mobility, and governance gives it a competitive edge in microfinance. Furthermore, its ability to combine regulatory alignment with tech-driven customer service is a standout differentiator.

At the core of our digital ecosystem is Shakti, our comprehensive CORE lending system. Shakti includes webShakti, a browser-based platform used at our branches and head offices, and mShakti, a mobile platform for our field officers. This multi-product, end-to-end digital solution operates seamlessly across web and mobile interfaces. Built on cloud infrastructure, Shakti is highly scalable and easily configurable for a wide range of financial products, without reliance on any specific browser, operating system, or mobile device. The platform enables doorstep, paperless loan processing, facilitating single-visit onboarding. Beyond onboarding, Shakti automates key customer service functions including cashless disbursements, digital collections, and query resolution.

We remain committed to continuously upgrading our technology infrastructure and applications to stay ahead in the dynamic microfinance industry.

Our broader technology strategy emphasizes automation and digitization across all business functions. Every stage of the loan lifecycle—pre- and post-disbursement—is fully digitized, with documents available in local vernaculars. We have also implemented geo-tagging of branches to optimize coverage and enable real-time monitoring. In addition, artificial intelligence is used for facial recognition to verify customer attendance at center meetings and to authenticate field officers during remote hiring.

In FY 2024–25, Fusion Finance took a major stride in its digital transformation journey with the in-house development of FinDost, a dedicated lending platform for the MSME segment. It works as Loan Management System (LMS) and Loan Origination System (LOS) to support the unique needs of our MSME workforce.It has been designed to simplify, digitize, and bring end-to-end transparency to the lending lifecycle—while embedding greater control, visibility, and operational efficiency. Its modular, API-ready architecture enables seamless integration with credit bureaus, alternate data sources, and fintech partners—positioning Fusion to scale within a broader digital lending ecosystem. As we enter the new fiscal year, FinDost is set to evolve further with the integration of AI-driven credit scoring, digital KYC, and real-time performance dashboards—advancing our goal of enabling faster, smarter, and more inclusive lending.

Our real-time portfolio performance monitoring tool, Audit 360,supports data uniformity across multiple enterprise systems and enables point-to-point integrations between them, ensuring a seamless flow of information.We adopted cloud computing as early as 2013, which has significantly enhanced our agility, scalability, and collaboration. Our multi-cloud strategy involves deploying applications with a global partner while hosting internal IT assets with another trusted provider, offering us flexibility in managing workloads and greater control over sensitive data.

To safeguard our digital infrastructure, we have implemented cutting-edge cybersecurity solutions. These include VPNs, web application firewalls, intrusion detection systems, advanced threat protection, vulnerability assessment and penetration testing (VAPT), device encryption, data loss prevention tools, endpoint detection, secure video conferencing, and Security Information and Event Management (SIEM). We are also enhancing our defenses by establishing a secure operations center and introducing additional measures such as data classification, mobile device management, secure internet gateways, and cloud access security brokers.

We remain committed to continuously upgrading our technology infrastructure and applications to stay ahead in the dynamic microfinance industry. Looking forward, we plan to further increase operational efficiency through large-scale Robotic Process Automation (RPA) and Enterprise Resource Planning (ERP) implementations. Our ongoing investments in technology aim to support scalable growth, enhance service quality, and deliver faster turnaround times.

Initiatives deployed in 2024-25

Data Management & Security

Fusion continues to prioritize data protection and cybersecurity across its digital ecosystem. Comprehensive measures, including encryption, secure access controls, and data loss prevention tools, have been implemented to ensure data integrity and confidentiality. Additionally, continuous monitoring and compliance frameworks are in place to safeguard sensitive information and support regulatory adherence.

Improving Network Availability

To enhance network resilience and minimize downtime, Fusion proactively identified and eliminated single points of failure within its IT infrastructure. High Availability (HA) configurations were deployed across critical components such as firewalls, switches, and access points. Redundant internet connections from multiple ISPs were established at key locations including the Head Office (HO), Central Office (CO), and Regional Processing Centers (RPCs), ensuring uninterrupted connectivity through seamless failover mechanisms. Network performance was further enhanced through the implementation of VLAN-based segmentation, Quality of Service (QoS) protocols, and real-time traffic monitoring systems.

Improving Connectivity Across Offices

The adoption of Palo Alto's PRISMA SASE solution marked a significant milestone in Fusion's connectivity strategy. This cloud-delivered Secure Access Service Edge (SASE) solution integrated networking and security into a unified framework, delivering secure, high-performance access across both branch and remote locations. The solution simplified infrastructure management, improved scalability, and delivered a consistent, seamless experience for users across environments.

Disaster Recovery

Fusion has reinforced its disaster recovery capabilities by implementing robust data backup strategies and system redundancy protocols. Business continuity plans have been formalized, supported by regular testing and validation to ensure minimal service disruption in the event of unforeseen incidents.

Digitizing Office and Field Operations

To increase field efficiency and customer service quality, Fusion rolled out a range of mobility solutions enabling real-time data capture and processing. These tools streamlined customer onboarding, enhanced visibility into field activities, and facilitated faster decision-making. In parallel, backend process automation initiatives significantly reduced turnaround times (TATs) for loan disbursement and servicing, leading to improved operational agility.

IT Solutions Enhancing Organizational Efficiency

Fusion introduced a suite of digital tools to strengthen organizational control and cyber hygiene:

- A Digital Early Warning System (EWS) aggregates operational, credit, and personnel risk indicators into a single color-coded dashboard, allowing proactive intervention.
- Asset Infinity was deployed for comprehensive IT asset lifecycle management, improving transparency and resource tracking.
- inDefend DLP was implemented to secure endpoints and prevent data breaches.
- Patch Manager Plus ensures regular and automated patch deployment, maintaining compliance and reducing vulnerabilities across all endpoints.

Technology for Senior Leadership Decision Support

The Early Warning System (EWS) also serves as a strategic tool for top management. By consolidating and analyzing branch-level indicators—including audit findings, customer service issues, portfolio stress, and staff turnover—the platform presents real-time insights using a Red-Amber-Green (RAG) interface. Senior leadership can drill down into issues, isolate root causes, and direct timely field interventions. This proactive framework strengthens Fusion's three lines of defence, fosters data-driven decision-making, and safeguards performance across all operating regions.

Leveraging new-age technology for Security & Efficiency

Palo Alto PRISMA SASE:
A cloud-native platform integrating secure access and network performance for all locations and users.

CrowdStrike EDR:
An advanced endpoint detection and response solution offering real-time visibility and proactive threat hunting.

ManageEngine Patch Manager Plus:
A robust automated patch management solution supporting compliance across OS platforms.

inDefend DLP & ATP:
An endpoint security suite with data leak prevention and advanced threat analytics.

Asset Infinity:
A cloud-first asset management system to monitor, maintain, and optimize IT and operational assets.

Initiatives in the pipeline for 2025-26

eKYC Implementation:
To digitize and simplify customer onboarding through Aadhaar-based electronic identity verification, ensuring compliance with RBI/UIDAI mandates.

Single Sign-On (SSO):
Evaluation underway for a unified identity access system to simplify user logins across multiple enterprise platforms.

SOC as a Service:
Fusion is exploring managed SOC solutions to strengthen 24x7 threat detection and incident response without building in-house infrastructure.

We are gearing up for DPDP compliance programme. A company wide data governance rollout will align our policies, consents, retention schedules and breach response playbooks with India's new Digital Personal Data Protection Act.

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

~1 Million
Daily Transactions

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

12,000
Cashless Collections

ENVIRONMENT. SOCIAL. GOVERNANCE.

At Fusion, we prioritize Environmental, Social, and Governance (ESG) initiatives as key indicators of our sustainability performance, closely linked to responsible and sustainable business practices. Our ESG roadmap reflects our commitment to fostering inclusive growth, minimizing environmental impact, and ensuring strong governance across all levels of the organization.

As a purpose-driven financial services company, we integrate ESG principles into our core strategy, operations, and decision-making processes. Our efforts focus on reducing our environmental footprint, promoting financial inclusion, empowering underserved communities, fostering diversity and inclusion, and upholding transparency, ethics, and regulatory compliance.

We believe ESG is not merely a compliance requirement but a strategic opportunity for long-term value creation. Through our evolving ESG roadmap, we aim to strengthen stakeholder trust, mitigate risks, drive innovation, and contribute meaningfully to national and global sustainable development goals.

Our Focus on Embedding Environmental Values into Business Strategy:

Fusion is steadfast in its commitment to environmental stewardship. We prioritize reducing our environmental footprint across all operations, integrating green practices into our services for the benefit of our stakeholders and the wider community.

Rooftop Solar Finance Inititaive

In line with Fusion's ESG vision to drive inclusive growth while promoting environmental sustainability, the company continued its efforts to support clean energy adoption through its Rooftop Solar Finance initiative. Implemented under the Solar Energy Asset Finance Program, this initiative focuses on enabling MSMEs in semi-urban and rural areas to shift towards renewable energy solutions. By providing accessible financing, the program empowers small businesses to adopt cleaner technologies. During FY25, it facilitated the installation of 11,346.3 KW of rooftop solar capacity, contributing to reduced dependence on fossil fuels and supporting India's transition to a low-carbon economy.

Integration of environment aspects in business operation

In alignment with the International Finance Corporation (IFC) guidelines, Fusion has incorporated an Exclusion List into its Environmental and Social (E&S) Policy, clearly defining the types of businesses we do not finance. This ensures we avoid supporting activities that could negatively impact society or the environment.

E-Waste Management

As part of our commitment to responsible waste management, we have implemented a structured E-Waste Management process to ensure the safe and environmentally sound disposal of electronic waste across all our business units.

Plantation Drive

Further strengthening our environmental efforts, we launched an agroforestry-based CSR initiative that empowers women farmers by integrating fruit bearing plants with agriculture. This initiative not only promotes ecological restoration but also enhances livelihoods.

Advancing Clean Energy Through Solar Installations

As our commitment to renewable energy and environmental sustainability, Fusion has implemented solar energy solutions—installing solar setups at Primary Health Centres (PHCs), Community Health Centres (CHCs), large government schools, and colleges—based on local needs and potential impact.

To date, solar setups have been installed at 9 locations across 6 states, covering 5 government schools, 3 hospitals, and 1 community space. The total installed capacity at these sites is 108 kW, which has generated approximately 28,790 kWh of clean solar energy. This has led to an estimated reduction of 24,470 kg of CO_2 emissions, equivalent to the planting of 1,160 trees. This initiative is a step forward in our long-term ESG commitment to support clean energy access, reduce environmental impact, and enable sustainable community infrastructure.

These actions reflect our holistic approach to ESG—embedding sustainability into our operational practices while creating long-term value for communities and the environment.

Fostering a Culture of Inclusion and Mutual Growth

At Fusion, we believe that true progress stems from inclusivity—by empowering our employees and engaging with communities, we foster a culture where mutual growth, respect, and opportunity thrive together.

Diversity, Equal opportunity & inclusion

we are committed to promoting equity and creating an inclusive workplace. Our priority is to create an environment where every employee feels valued, respected, and supported

Data security & Privacy

Data security and privacy are being considered paramount for both our clients and the organization. Implementing robust security measures ensures that sensitive information remains protected from unauthorized access or breaches, instilling trust, and confidence of clients. Simultaneously, safeguarding data, safeguards the organization's reputation, prevents financial losses, and ensures compliance with regulatory standards, fostering a culture of accountability and integrity.

Positively impact to communities

Our CSR vision focuses on actively transforming communities aligning with UN SDG goals.Our CSR initiative planning is strategically aligned with key thematic areas: Education & Skill Development, Health & Hygiene, Community Empowerment & Livelihood, Environment Sustainability & Sanitation, and Relief & Rehabilitation.

Governance (Responsible business practices through transparency, integrity & accountability)

Our governance practices emphasize maintaining the highest standards of ethics, transparency, and accountability. We are committed to leading with integrity, upholding robust disclosure norms, and ensuring responsible business conduct across all levels of the organization..

Core Pillars of Our Governance Framework

- A robust governance structure aligned with regulatory and strategic objectives
- Transparency in compliance and disclosure practices
- ESG oversight integrated into board-level responsibilities
- Corporate policies aligned with regulatory mandates and industry best practices
- Strong focus on cybersecurity and data protection
- Comprehensive risk management mechanisms

Celebration of World Environment Day

Promoting Resource Conservation through "Print Less Day"

As part of our efforts to encourage responsible resource usage, a dedicated "Print Less Day" was observed across all functions at the Corporate Office. The initiative aimed to raise awareness about paper conservation and emphasize the importance of reducing printing in daily operations.To reinforce the message, functions that demonstrated exemplary commitment to going paperless were recognized as Sustainability Champions. This initiative not only fostered eco-conscious habits but also encouraged teams to adopt more digital, sustainable ways of working.

Fostering an ESG-Driven Organizational Culture

To promote deeper engagement with sustainability goals, Fusion organized a one-day ESG Awareness Session for around 50 senior employees. The session enabled participants to explore the evolving ESG landscape, understand Fusion's strategic direction, and reflect on the organization's role in addressing pressing environmental and social challenges. The initiative reflects our belief in building a culture rooted in awareness, accountability, and purpose.

Planting for a Greener Planet

In line with our commitment to environmental sustainability, Fusion organized a Plantation Drive at the Corporate Office. The initiative witnessed enthusiastic participation from the management team, symbolizing our collective responsibility toward building a greener and healthier planet. By taking small but meaningful steps, we continue to embed sustainable practices into our workplace culture.

Fostering Awareness Through Creative Expression

As part of our internal sustainability engagement, Fusion organized a Slogan Writing Competition on environmental themes. Over 50 employees participated, sharing creative ideas on conservation and climate action. The initiative sparked imagination, encouraged reflection on individual responsibility, and reinforced our belief that meaningful change begins with informed and engaged individuals across the organization.

SOCIAL PERFORMANCE MANAGEMENT: ENABLING INCLUSIVE GROWTH IN RURAL INDIA

At Fusion, we are deeply committed to fostering inclusive growth and empowering rural India—where the heart of our mission lies. Our social performance strategy centers around nurturing the entrepreneurial spirit of millions of low-income households, especially women, by providing them with access to opportunities, financial inclusion, and a sense of belonging.

We adopt a holistic approach by combining financial services with social impact initiatives. We continue to strengthen the rural ecosystem—enabling long-term development and resilience. Our efforts are rooted in responsible finance, which is reflected in our transparent practices, customer-centric operations, and ethical lending approach. Each social milestone we achieve reinforces our dedication to balancing business growth with community well-being.

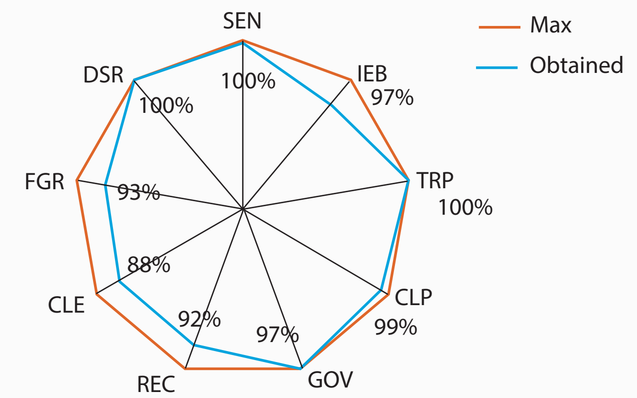
Commitment to Rural Empowerment

Our strategic focus continues to be the development of rural India, where we aim to foster entrepreneurship among low-income households and enable long-term financial resilience. By offering access to affordable credit, livelihood support, and capacity-building opportunities, we empower women entrepreneurs to lead change within their families and communities.

Excellence in Code of Conduct

Fusion underwent a comprehensive Code of Conduct Assessment (CoCA) conducted by M-CRIL and secured an exceptional 96% score, earning the highest C1 grade. This achievement reflects our strong commitment to ethical practices and operational excellence across key areas such as transparency, client protection, governance, recruitment, client education, feedback systems, grievance redressal, and responsible data sharing. The assessment reaffirms Fusion's dedication to upholding industry-leading standards and best practices in the microfinance sector.

COCA Dimension Scores



ADDO Scores

Stakeholder Engagement: Building Trust Through Inclusive Dialogue

At Fusion, we believe that meaningful stakeholder engagement is essential for driving responsible growth and sustained impact. We actively engage with a wide spectrum of stakeholders—including customers, employees, investors, regulators, and community partners—through structured feedback mechanisms and various review platforms. These engagements help us better understand diverse needs, incorporate insights into our policies and practices, and co-create solutions that are socially inclusive and ethically sound. Our stakeholder-centric approach ensures transparency, strengthens accountability, and reinforces our commitment to delivering long-term value for all.

SOCIAL CAPITAL

Driven by a social vision, Fusion empowers low-income households with economic opportunities, aiming to transform their lives. This vision also forms the bedrock of our Corporate Social Responsibility (CSR) which inspires us to provide a holistic welfare support to the people in need. In our pursuit to make purposeful and impactful interventions, we understand the significance of integrated and sustainable development. As part of these efforts, we strive to positively impact economic, social, and environmental growth of the underprivileged communities.

Our CSR framework, centres majorly on five thematic areas that guide our strategic initiatives and measurable outcomes, reinforcing our dedication to creating lasting positive impact.

CSR Thematic Area	Education & Skill Development	Health & Hygiene	Community Empowerment & Livelihood	Environment Sustainability & Sanitation	Relief & Rehabilitation
Sustainable Development Goals	4 QUALITY EDUCATION	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION

Education & Skill Development

Drawing inspiration from the understanding that education is key for India's progress and inclusive growth, Fusion's CSR in Education & Skill Development aims to empower individuals and foster a more equitable society by providing comprehensive support to the needy ones. Fusion strives for holistic development by providing foundational education through early learning and need-based scholarships, alongside safety awareness, digital and financial literacy and other educational initiative.

NANHI PAHEL

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 for children of 3 to 5 years of age. Currently our centres are operating in Delhi, Uttar Pradesh, and Uttarakhand. This initiative emphasizes social, cognitive, and physical well-being through engaging into play-based learning and personalized attention. We are offering a strong foundation and essential early learning experience, for each child's future success, ensuring they enter formal education with the skills and confidence needed to thrive.

Centres: **4** | Children: **134** | Gender Ratio: **54%** Girls & **46%** Boys

"डेकेयर सेण्टर में आना जब से शुरू किया हैं हर्षित अपनेआप बोलना, लिखना और पढाई करना सिख गया हैं और बहुत एक्टिव हो गया है| घर में सबकी बात मानने लगा हैं और सबको रेस्पेक्ट भी करने लगा हैं | मैं फ्यूज़न का आभार प्रकट करती हूँ की हमें अब अपने बच्चों बुनियादी शिष्टाचार की टेंशन नहीं लेनी पड़ती|"

Poonam, Mother of Harshit- Holambi, Delhi

Distribution of Educational Accessories

This program promotes equitable access to learning resources in government and low-income schools, fostering a positive learning environment. This availability of resources increases student engagement, which in turn enhances academic outcomes and contributes to students' long-term success.

Testimonial

"Model Primary School, Ruheri, sincerely thanks Fusion Finance for their generous contribution of school accessories to our children. Villagers, parents, and officials have praised this initiative. We appreciate their support and hope for continued collaboration to benefit our students' future."

Anees Khan, In-charge Headmaster
Model Primary School
Ruheri, Hathras

SHIKSHA

Shiksha aims to support economically disadvantaged students by providing them with scholarships to support their academic pursuits and enabling them to unlock opportunities and build a brighter future for themselves and the communities.

This initiative, not only offers financial aid but additionally, organizes regular counselling and mentoring sessions to support their future success. By fostering educational growth and nurturing talent from marginalized backgrounds, Shiksha continues to play a pivotal role in promoting social equity and contributing to a more inclusive and prosperous society.

Testimonial

"My name is Chaitalee Rani, and I'm from a small village in Haryana. I'm a student of class 11. Coming from a large family of 8, where I'm the first to receive a scholarship makes me incredibly happy! This support is a significant boost towards achieving my goals. This scholarship is a step towards my dream of joining the Navy. It's a really important step for me."

Chaitalee Rani
Hisar, Haryana

State: **17** | Aspirational District: **17** | Students: **500**
Govt School Beneficiaries: **80%**

Financial and Digital Literacy Program

The Financial and Digital Literacy Program aims to empower women by strengthening their knowledge of financial management and digital tools. Through focused awareness sessions in rural villages, the program introduces women to key concepts such as budgeting, digital payment systems, secure savings, and safe ATM usage.

With its hands-on approach, the program also covers essential topics like digital banking, financial diary-keeping, and financial planning. These practical lessons are helping women gain the confidence and skills needed to take control of their finances and make informed financial decisions, paving the way for greater economic independence.

Testimonial:

The Financial & Digital Literacy session by Fusion was incredibly helpful and easy to understand. I've started using a financial diary to track my expenses, which has really improved how I manage money. I now feel much more confident using digital payment methods like UPI, which I was previously hesitant to try.

Girija Devi, Parsoni village, Kushinagar, Uttar Pradesh

State: **3** | Villages: **15** | Sessions: **510** | Women: **6500 +**

Fusion Sahayata Kendra

It is a grassroots level initiative aimed to empower rural communities by providing a platform to minimise the gap & accessibility of government schemes and services. By creating a reliable and approachable platform, the program raises awareness about various govt schemes and assists with the necessary documentation, enabling rural families to complete their important & relevant documentation.

As part of the initiative, dedicated field teams spend 10 days in each village, starting with community mobilization to build awareness and trust. They then offer hands-on support to help residents navigate the application processes for key government benefits such as:

E-Shram Card, Ayushman Bharat (Health Insurance Scheme),PM-Kisan Samman Nidhi, Pension Schemes & Aadhaar Updates.

In addition, the teams assist in acquiring vital identity documents like birth and domicile certificates, ensuring no one is left behind in accessing government services.

By combining awareness, accessibility, and assistance, Fusion Sahayata Kendra plays a vital role in strengthening rural resilience, promoting inclusivity, and empowering communities to realize their full potential.

Testimonial

My name is Rajesh Kumar Sharma, and I am from Kundri village. Recently, a camp was organized in my village by Fusion Sahayata Kendra, where I had the opportunity to get my Ayushman card made. The entire application process at the camp was incredibly easy, hassle-free, and completely free of cost. They also assisted us with document preparation, making the process seamless. During the camp, I learned that with the Ayushman card, we can access free treatment worth up to ₹5 lakh in government hospitals and Ayushman Card Hospitals in the future.

I am deeply grateful to Fusion Finance Limited for this invaluable support."

Rajesh Kumar Sharma, Kundri (Jharkhand)

State: **6** | Villages: **36** | Aspirational Districts: **3**
Community Members: **14,000+** | Schemes Covered: **20+**

Road Safety Awareness

Fusion's Road Safety Awareness program aims to improve awareness on road safety measures and encourage responsible driving behaviour across various regions in India.

As part of this initiative, strategically placed barricades at major junctions and high-traffic areas display impactful slogans on road safety. These messages serve as constant visual reminders to the public about the importance of following traffic rules, ultimately aiming to reduce accidents and enhance overall traffic discipline.

In addition, in Sitarganj, Uttarakhand which is an area prone to hazardous driving conditions due to dense fog and sharp turns, Fusion has installed awareness poles. Featuring clear and impactful road safety slogans, these poles alert drivers to potential dangers and promote cautious driving in high-risk zones.

Through these focused interventions, Fusion is actively contributing to a culture of road safety, working to reduce accidents and ensure safer travel for all.

States: **5** | Location: **40 +**

Financial Literacy Program

Fusion's Financial Literacy Program is designed to equip individuals with the knowledge needed for effective household financial management. Through focused one-day training sessions, participants gain practical skills in budgeting, saving, and making responsible spending choices.

The program emphasizes maximizing existing income through informed and disciplined financial practices. By encouraging participants to adopt smart money management habits, the initiative helps build financial confidence and long-term resilience.

Beyond individual growth, the program contributes to the economic well-being of entire communities by fostering a culture of informed financial decision-making and sustainable financial planning.

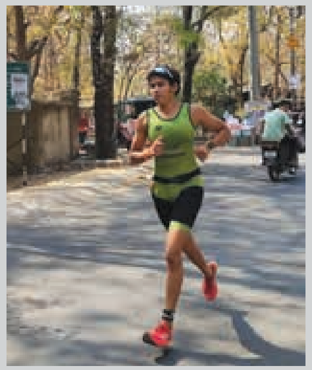
States: **16** | Aspirational District: **15** | Number of Sessions: **65**
Community Members: **7500 +**

Support to Athletes

Fusion's CSR initiative is promoting sports excellence by supporting female athletes to thrive on national and international stages. In collaboration with the GoSports Foundation, Fusion has supported the training and development of 6 outstanding female athletes who have broken cultural barriers to pursue their dreams. Through contribution in their preparation and growth, the program not only nurtures individual talent but also contributes to the broader advancement of sports in India. By providing essential resources and encouragement, Fusion reinforces its commitment to fostering a culture of sportsmanship, inspiring future generations, and elevating the nation's presence in the global sporting arena.

Ms. Prachi won a gold medal in the All-India Inter-University Fencing Championship.

Ms. Devanshi secured three gold medals in the 50m freestyle, 100m freestyle, and 100m butterfly at the Para Swimming Nationals 2024-25.



Ms. Sanjana participated in Ironman 70.3 Goa and secured 3rd place in the 18-24 age category.

Aruna

Palak Sharma

Preeti

Health & Hygiene

The rural health sector in India faces significant challenges, including limited access to health care and low awareness levels, particularly impacting women, children, and marginalized communities. Bridging the gap, Fusion has prioritized Health & Hygiene as a core pillar of its CSR initiatives, aligning with the United Nations Sustainable Development Goals to create meaningful and lasting impact. The organization is committed to holistically improving health and well-being in underserved communities by expanding access to healthcare, raising awareness, and supporting vulnerable groups, thereby fostering both social progress and corporate responsibility.

OJAS

OJAS is an eye care initiative aimed at reducing avoidable blindness and vision impairment. Through this initiative, over 5,000 + eye screening was conducted in Satgachia region of West Bengal and Katghora & Pathalgaon of Chhattisgarh. Through this program, 285 cataract surgeries & 656 spectacles were provided to the refractive error patients

This initiative has not only addressed critical health needs but has also directly enhanced the quality of life & community well-being.

State: **2** | Tribal Villages: **22** | Aspiration District: **1** | Families Covered: **1500+**

Case Story: Uttara Karmakar's Journey to Clear Vision

Uttara Karmakar, a 70-year-old resident of Mahisdanga village of West Bengal, faced significant challenges due to bilateral cataracts. Her vision had deteriorated to a point where she could only perceive hand movements in her right eye.

She lived alone after her husband's death, and while her daughter provided some financial help, her failing eyesight and the distance from her family led to a sense of isolation.

As part of the door-to-door screening process, Community Health Volunteers (CHVs) found Uttara. Recognizing her urgent need, Uttara was referred & she underwent phacoemulsification cataract surgery, a minimally invasive procedure designed to restore her vision.

After surgery, Uttara's vision improved significantly. She expressed immense joy at being able to see clearly for the first time in years. Her ability to recognize people, including her family and friends, was restored, bringing a renewed sense of normalcy to her life.

Wheelchair Distribution

Fusion distributed specialized wheelchairs to individuals with mobility challenges. Recognizing diverse needs, the program provided tricycle, foldable adult and kid-specific wheelchairs, fostering independence and enabling beneficiaries to fully participate in daily life, education, and employment. This initiative was a significant step towards building an inclusive and supportive society.

The impact extended beyond physical mobility, facilitating social and economic participation, and restoring dignity.

Ananta Nayak, a 19-year-old from Dibrugarh, exemplifies this transformative effect. Before receiving his wheelchair, Ananta's mobility was severely limited.

His mother, Kamala, expressed, "I am so happy to receive this wheelchair! From today, my child's life will be much easier, and he will have the freedom to move by himself. He is especially excited that Durga Puja is coming up & this time, he can visit the pandals with family without depending on them too much." This testimonial highlights the program's profound impact, enabling Ananta to regain his freedom, participate in cultural events, and experience a significant improvement in his quality of life. The tailored approach, focusing on individual needs, ensured each beneficiary received the appropriate support, contributing to a more inclusive and equitable community.

Lives Touched: **70 +** | States: **7**

GARIMA (Menstrual Hygiene Awareness Program)

CSR program GARIMA, focused on enhancing menstrual hygiene awareness among adolescent girls and women aged 12–49 years. The program aimed to break long-standing taboos and equip participants with essential knowledge for safe menstrual practices. Despite initial resistance to surveys and discussions, consistent engagement fostered open dialogue and active participation. Beneficiaries began raising concerns and asking questions, creating a space for meaningful learning. A key success was the inclusion of male family members and students, which helped build a more informed and supportive community. Health trainers also experienced professional growth, deepening their understanding through teaching. GARIMA delivered lasting impact by educating beneficiaries on menstruation, the menstrual cycle, body anatomy, hygiene practices, and nutrition. By dispelling myths and misconceptions, the initiative promoted improved well-being, dignity, and continuity in education. The program brought transformative change, empowering individuals and communities with knowledge and confidence to manage menstrual health effectively.

State: **1** | Villages: **15 +** | Women & Adolescent Girls: **4,000 +**
Schools Covered: **8**

Case Study: Karishma Pandey - From Silence to Confidence

Karishma Pandey, a 15-year-old student in Class 10, resided in a rural village where menstrual health was shrouded in silence and taboo. Growing up, she lacked access to accurate information about menstruation, puberty, and the physical changes associated with adolescence. Within her family, these topics were considered inappropriate for discussion. Furthermore, her school lacked female teachers who could provide guidance and support. Consequently, Karishma relied on unhygienic practices, such as using old cloth during her periods, leading to discomfort and rashes. She remained unaware of safer and more effective menstrual management options.

She says "When the sessions started in my village and school, I attended and learned so much about my body, hygiene, and things I had always been curious about. For the first time, I felt comfortable asking questions about menstruation and vaginal discharge." The information I received helped understand her body better and cleared doubts. Now, she is more confident talking about menstruation, her body, and personal hygiene. She even discusses these topics with her "maiyya" (mother) and "mama" (grandmother).

Mobile Medical Van

Fusion's Mobile Medical Van initiative is a step towards making quality healthcare accessible in rural and underserved areas. Operating successfully across Haryana, Punjab, and Karnataka, we have deployed three mobile medical vans to deliver essential healthcare services directly to communities that often lack of access to basic medical facilities.

Each van is staffed with a dedicated team of healthcare professionals, including general physicians and pharmacists, who conduct regular health check-ups and provide preventive care. In addition to consultations, the vans offer important diagnostic services such as diabetes and haemoglobin testing.

Recognizing the importance of women's health, the program also distributes sanitary napkins to promote menstrual hygiene among adolescent girls and women in those areas.

By addressing both general and specific healthcare needs, Fusion's Mobile Medical Vans continue to bridge the healthcare gap in rural regions—ensuring better health and well-being for all.

State: **3** | Villages: **59** | Lives Touched: **20,000 +**

I'm Abdul Aziz, 10 years old, from Dayalgarh. A little while ago, I had fever and loose motions, but my parents couldn't take me to the hospital as it is 25 kms away and they were busy with work. Thankfully, the Fusion Finance Mobile Medical Van visited our village that day. The doctor examined me and provided medicines, and I felt better in just two days. I'm especially glad the medicine wasn't in tablet form!

This van has been a big help for me, and many others here. We're very thankful to Fusion Finance for bringing free medical care right to our doorstep.

Abdul Aziz
Dayalgarh, Yamuna Nagar

Support to Indian Cancer Society

Fusion partnered with Indian Cancer Society, and contributed towards the treatment of 18 cancer patients from Kerala and Delhi. This support was focused on alleviating the financial burden faced by patients and ensuring they receive critical medical care. Through this joint effort, the initiative provided essential assistance, helping improve access to treatment for those in need and supporting their journey towards recovery.

Health Check- Up & Awareness Camp

Fusion's Health Checkup and Awareness Camps are designed to extend basic healthcare services to underserved communities, ensuring access to essential medical support. These one-day camps are organized with the aim of promoting health awareness and early detection of common health issues.

These one-day camps bring together a team of healthcare professionals, including general physicians, gynaecologists, paediatricians, and optometrists, who offer basic health consultations and also provide free diagnostic tests such as haemoglobin, blood sugar, and blood pressure screenings. Based on the consultation, pharmacist provide medicines to the needy.

In addition to medical support, the initiative also emphasizes the importance of menstrual hygiene. Sanitary napkins are distributed among women and adolescent girls, fostering awareness and encouraging healthy practices.

Through this initiative, Fusion remains committed to building healthier communities and bridging the gap in access to basic healthcare.

States: **19** | Asipirational Districts: **14** | Lives Touched: **11,000 +**
No. of Sanitary Napkins Distributed: **7,000 +**

Testimonial

"I along with my team was honoured to contribute to the free medical camp organized by Fusion Finance Ltd. There, we provided health checkups, consultations, and distributed medicines and sanitary pads. Grateful for the opportunity to serve and support community health. I hope such initiatives continue in the future, bringing quality healthcare to those who need it most".

Dr. Mandeep Kaur - MBBS
Amritsar, Punjab

Community Empowerment & Livelihood

Fusion's commitment to Community Empowerment & Livelihood focuses on creating meaningful livelihood opportunities that foster community development and uplift underserved communities. By addressing both economic and educational dimensions of development, Fusion's efforts align with key Sustainable Development Goals and strive to build resilient rural communities where individuals can thrive with dignity and purpose.

JIVIKA: Empowering Rural Women Through Sustainable Livelihoods

CSR program Jivika focuses on empowering rural women by promoting sustainable livelihood opportunities through livestock support. Under this program, a total of 100 female goats and 10 male goats were distributed across Chunar (Uttar Pradesh) and Bikaner (Rajasthan), establishing a strong foundation for long-term income generation.

The initiative goes beyond distribution, offering regular veterinary check-ups and follow-up visits to ensure the ongoing health and productivity of the livestock.

Its impact is reflected in the birth of 25 baby goats, marking a key milestone in sustainability. Furthermore, one goat is passed on to a new beneficiary, creating a cycle of growth and support that extends the benefits to more families over time.

By enhancing economic independence and building resilience among rural women, Jivika continues to bring lasting, meaningful change to rural communities.

Testimonial

My name is Lalmati, and I live in Chehri Gopi village with my husband, Prahlad, who works as a labourer. I help support our family through farming. I received a goat from Fusion during a distribution program held at our village. It was the first time something like this happened in our village, and I felt happy and proud when my name was called. I took care of the goat, and after some time, it gave birth to two female goats. A year later, I returned one of them to the NGO person so that another woman could benefit just like I did. This small step has helped my family and gave me a chance to help someone else. I'm thankful to Fusion for this opportunity and the support they've provided throughout.

Lalmati- Chehri village, Uttar Pradesh

State: **2** | No. of Families: **100 +**

Community/ Rural Development

This initiative focuses on renovating government schools and Anganwadi centers in rural areas. In partnership with local and government stakeholders, we aim to create a positive, supportive environment and a conducive learning space where children can thrive and develop holistically. The renovation work concluded with renovating toilets, improving water facilities by installing water purifiers and submersible pumps, also adding vibrant "Bala" paintings to the walls to inspire creativity and joy among the children.

In addition to infrastructure, we have equipped schools and Anganwadis with essential resources such as benches, utility items, and stationery kits for students. These practical additions will help to create a more comfortable and efficient learning environment. Under this program, we have successfully completed work in 5 schools and 4 Anganwadi centers in 2024-25.

Case Study: Transforming the Anganwadi Centre at Garhakota (MP)

Before

The Anganwadi Centre No. 112 in Garhakota previously was not in an accessible condition.

In collaboration with Govt & local stakeholders, worked on the center's renovation that included wall and ceiling repairs, waterproofing, cement flooring, installation of electrical fittings, a water purifier, and a newly built toilet. Additionally, colorful wall paintings brought life to the centre, while functional furniture like chairs, tables, and seating mats were provided for the children's comfort. To further support learning, each child received a stationery bag, adding to the excitement and renewed sense of belonging. The transformation now benefits nearly 100 children by providing them with a bright, engaging, and safe environment for growth, and has earned heartfelt appreciation from local authorities and community members alike.

After

Testimonial

I sincerely thank Fusion Finance for their commendable support in renovating Anganwadi Centre No. 112, Garhakota. Their efforts have transformed the centre into a safe, engaging, and child-friendly space. The upgrades in infrastructure and facilities have greatly improved the learning environment for nearly 100 children. Such initiatives truly reflect their dedication to social welfare. We appreciate their contribution and hope to see more such partnerships ahead.

Sheetal Pateriya
Child Development Project Officer
Sagar, Madhya Pradesh

State: **4** | Anganwadi Centres: **4** | School: **5** | Children Benefited: **800 +**

Beej

The Beej program is an agricultural initiative that supports low-income farmers in Uttar Pradesh and Madhya Pradesh, focusing on improving wheat cultivation and promoting sustainable mushroom farming. Through soil testing, access to high-quality seeds and fertilizers, and training on best practices, the program helps farmers enhance crop productivity and adopt more efficient farming methods.

Alongside wheat cultivation, the program empowers women farmers by encouraging mushroom cultivation as an additional source of income. Training sessions were organized for farmers, along with the provision of necessary inputs and assistance in connecting them to local markets to sell their produce. These efforts have contributed to improved livelihoods, greater economic independence for women, and a shift toward more sustainable and diversified farming practices.

State: **2** | Villages: **37** | Aspirational District: **1** | Women Farmers: **700**

Testimonial:

"I had never done mushroom farming before, but when I joined the training by Fusion Finance and Asheerwad India Foundation, it helped me clearly understand the entire process. I gave it my best effort, and after my first harvest, I earned a good income. This allowed me to pay my children's school fees, manage household expenses, and even save some money to start the next cycle. The experience gave me a great deal of confidence. Today, people in my village look at me with respect, and I proudly tell other women—'If I can do it, so can you.'"

Uma Chauhan, Chhibadri Village, Moradabad, Uttar Pradesh

Environment Sustainability & Sanitation

Fusion demonstrates its commitment to Environmental Sustainability & Sanitation through impactful initiatives aimed at improving access to clean water, expanding the use of renewable energy, and encouraging eco-friendly agricultural practices.

These integrated efforts embody Fusion's holistic approach to fostering healthier, more sustainable, and climate-resilient communities.

The Program JAL (WASH) aims to enhance the accessibility of drinking water among the Communities with limited access. In FY24-25, 497 waterwheels were distributed to the needy ones with an objective to ease the physical burden of transporting water over long distances, especially for women and children, while also reducing health risks associated with carrying the load of water.

This initiative also focused on ensuring the drinking water facility in community places. Water purifiers and coolers were installed in schools, hospitals, and other high-footfall areas. As a result of this initiative, the increasing access to drinking water facilities is steadily leading to improved health outcomes and greater well-being in these communities.

Case Study: Story of Devika Kaluram from Toliyasar Village, Rajasthan

Devika, a farmer in Toliyasar, spent hours walking for water. Fusion Finance provided a water wheel, making water access easy. "Earlier, we faced significant difficulties... now we have easy access," she said, highlighting the time and effort saved, allowing her to focus on farming and family.

The water wheel improved life for the families who have received the water wheel in Toliyasar village. It meant better hygiene and health, and more time for work and school. This simple tool made a big difference.

Lives Touched: **10,000 +** | State: **8** | Aspirational Districts: **5**
Schools Covered: **18**

Urja: Solarization Program

Fusion focuses on renewal energy by implementing Urja program. The aim of this program is to enhance energy access and fostering environmental sustainability.

This program was implemented with the support of local and government stakeholders and installation of solar plants ranging from 2.75 kW to 20 kW were done across schools, hospitals, and community spaces. These installations were strategically planned to ensure uninterrupted power supply enabling students to continue their education without disruption and supporting essential hospital services even during power outages. The shift to clean solar energy not only reduced electricity costs but also significantly lowered the carbon footprint of these facilities.

As we continue to scale this initiative, Urja remains a strong example of how clean energy can empower communities, create cost-effective solutions, and build a greener future for all.

Testimonial:

Haridev Joshi Government Girls College, Banswara, sincerely thanks Fusion for installing a solar power system at our campus. Over the past six to seven months, the system has ensured an uninterrupted power supply, especially during frequent outages that previously affected our teaching. With over 1400 students and 25 classrooms, this reliable energy source has greatly supported our academic activities. The solar setup has also helped reduce electricity costs, allowing us to utilize our resources more efficiently. Beyond its practical benefits, it demonstrates our shared commitment to sustainability and clean energy. We truly appreciate Fusion Finance's generous and impactful support."

Dr. Sarla Pandey, Principal, Haridev Joshi Government Girls College, Banswara, Rajasthan

States: **6** | Lives Touched: **3,500 +**

Hariyali: Cultivating Sustainable Livelihoods Through Agroforestry

Fusion's Hariyali program is driving change in the Niwari district, Madhya Pradesh by empowering farmers—especially women—through the adoption of sustainable agricultural practices.

As part of the initiative, fruit saplings were distributed to women farmers, creating opportunities for diversified income and fostering long-term economic resilience. These saplings are now being nurtured by the farmers, laying the foundation for enduring environmental and financial gains.

To ensure success, monthly training sessions are conducted by horticulture experts, equipping farmers with the knowledge of natural, eco-friendly farming methods that are both sustainable and productive.

By promoting agroforestry, the Hariyali program not only supports rural livelihoods but also contributes to climate change mitigation and helps farmers better adapt to extreme and unpredictable weather conditions.

In addition, to mark World Environment Day, tree plantation drives were conducted in Gurgaon, Haryana, reinforcing the program's commitment to environmental sustainability.

Hariyali is not just about planting trees-- it's about cultivating opportunities, strengthening rural livelihoods, and contributing to a greener, more sustainable future.

Women Farmer: 80 + | States: 2 | Saplings: 5,000 +

Relief & Rehabilitation

Fusion aimed to provide immediate relief to communities ravaged by floods and fires, reaching over 10,000+ individuals. We distributed essential food packets, clothing, and crucial supplies, addressing urgent needs during these crises. Our rapid response and efficient logistics ensured timely aid delivery. These efforts represent our commitment to swift and effective disaster relief. We are dedicated to building a foundation for sustainable rebuilding and support.

Fusion's Volunteering Program

At Fusion, we believe that true success is measured not just by business achievements, but by the positive impact we create in the lives of others. As part of our ongoing commitment to Corporate Social Responsibility, Fusion engages employees through various activities under its Volunteering Program that empowers our employees to make a difference beyond the workplace.

This initiative provides opportunity to employees to contribute their time, skills, and resources toward meaningful causes that support underprivileged communities and promote social wellbeing. Whether through physical volunteering efforts or financial contributions, the program provides an opportunity to give back to society while fostering a deeper sense of purpose and collaboration within our teams.

The journey of compassion, collaboration, and change—because together, we can create a brighter, more inclusive future for all.

Volunteering in CSR programs:

During FY2024-25, Fusion employees engaged actively in various CSR initiatives, promoting a strong culture of community involvement and social contribution. They participated in diverse activities such as health camps, financial literacy workshops, and plantation drives among others. This active participation not only uplifts the communities impacted but also boosts employee morale and enables Fusion to maximise its efforts towards achieving sustainable development goals.

No. of Employees:
2,500 +

Daan Utsav – The Joy of Giving Week

In FY24-25, we celebrated Daan Utsav at our Corporate and Head Offices. Such initiatives exemplifies our unwavering commitment towards social responsibility, fostering a powerful culture of giving back to the society. Spanning across a week in November 2024, the Daan Utsav was kick started with the launch of a Wish Tree.

Some of the initiatives undertaken by Fusion and its employees during Daan Utsav included:

- **Book Donation Drive** – In collaboration with PRATHAM Education Foundation, we provided an opportunity for 100+ employees to purchase and donate 1000+ books, which were used to set up libraries in a local government school and low-income school. During this initiative, school teachers and students actively worked alongside our employees to set up these libraries, creating positive engagement and a supportive learning environment that has had a lasting impact on the students.
- **Blood Donation Drive** – In collaboration with the Rotary Blood Bank, 72 employees generously donated blood in support of this noble cause.
- **Other Donation Drive (Clothe, Stationery & Groceries):** Employees generously contributed to this drive and later visited the NGO "We Care Foundation," where they handed over all the collected materials for distribution to those in need.

Celebration of International Women's Day with Adolescent Girls

In collaboration with two NGOs (Lakshya Jeevan Jagriti and We Care Foundation), 13 women employees volunteered to take the initiative of raising awareness on menstrual hygiene among adolescent girls. Additionally, they distributed over 200 sanitary napkin packets to girls in Delhi and Gurgaon.

We are truly grateful to Fusion Finance for their continued support throughout this year. Their dedicated volunteering has made a real impact — together, we've been able to spread awareness about menstrual hygiene and ensure access to essential knowledge through book distribution drives.

Thank you, Fusion, for standing with us and empowering communities with compassion and care.

Pallavi Sharma
Founder, We Care Foundation

As part of the Daan Utsav week, I had an opportunity to visit the We Care Foundation with my colleagues. Interacting with the children from nearby slum areas was truly heartwarming—they were full of enthusiasm, curiosity, and hope. Despite their challenges, their positivity and dreams were deeply inspiring. The dedication of the teachers and volunteers was remarkable and made a lasting impression. I'm grateful for the chance to be part of such a meaningful experience. Thank you for the opportunity!

Jobby Philip
Assistant Manager -HR, Fusion

Awards & Recognitions for CSR & ESG

Best Social Welfare Initiative of the Year at 11th edition Corporate Social Responsibility Summit & Awards 2024 by UBS Forums

Best Education Support Initiative of the Year – 2024 at Global CSR & ESG Awards 2024 for project Shiksha

Corporate Information

Corporate Identification Number	L65100DL1994PLC061287
RBI Registration number	B-14.02857
Registered Office	H-1, C Block, Community Centre, Naraina Vihar, New Delhi, India - 110028
Corporate Office	Plot No. 86, Institutional Sector 32, Gurugram, Haryana, India - 122001
Email	deepak.madaan@fusionfin.com | companysecretary@fusionfin.com
Website	www.fusionfin.com
Contact No.	01246910500
ISIN	Fully Paid: INE139R01012, Partly Paid: IN9139R01028
LEI Number	335800ZD1C7DSU6FPE65
Listed at	NSE and BSE
Scrip Code/Symbol of Stock Exchanges	Fully Paid: NSE: FUSION,BSE: 543652, Partly Paid: NSE: FUSIONPP, BSE: 890214

OTHER DETAILS

Managing Director Mr. Devesh Sachdev **Chief Executive Officer** Mr. Devesh Sachdev (till March 16, 2025) Mr. Sanjay Garyali (w.e.f. March 17, 2025) **Non-Executive and Independent Directors** Ms. Namrata Kaul Ms. Ratna Dharashree Vishwanathan Mr. Pankaj Vaish (till September 21, 2024) Mr. Puneet Gupta (w.e.f. October 05, 2024) **Nominee Directors** Mr. Kenneth Dan Vander Weele Mr. Narendra Ostawal	**Secretarial Auditor** **M/s. Harish Popli & Associates** House no. 436/1, Gher Araina, Panipat - 132103 Email: service@harishpopliandassociates.com(till FY 2024-25) **M/s. Navneet K Arora & Co LLP.** E-8/1, LGF, Near Geeta Bhawan Mandir, Malviya Nagar, New Delhi -110017 Email:info@navneetaroracs.com(w.e.f. FY 2025-26, subject to shareholders approval in the ensuing 31st AGM)
Key Managerial Personnels **Managing Director** Mr. Devesh Sachdev **Chief Executive Officer** Mr. Sanjay Garyali (w.e.f. March 17, 2025) **Chief Financial Officer** Mr. Gaurav Maheshwari (till June 25, 2025) Mr. Amandeep Singh (w.e.f. June 26, 2025) **Company Secretary & Chief Compliance Officer** Mr. Deepak Madaan	**Registrar and Share Transfer Agent** MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) C-101, 247 Park, L. B. S. Marg Vikhroli (West), Mumbai, Maharashtra - 400083 Tel: 022 – 49186200 | Website: https://in.mpms.mufg.com/
Statutory Auditors **M/s. Deloitte Haskins & Sells** 7th Floor, Building 10, Tower B, DLF Cyber City Complex, DLF Phase II, Gurugram, Haryana - 122002 (till FY 2024-25) **M/s. B.K. Khare & Co.** 706-708, Sharda Chambers, New Marine Lines, Mumbai – 400020 (w.e.f. FY 2025-26, subject to shareholders approval in the ensuing 31st AGM)	**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

DIRECTORS' REPORT

Dear members,

The Board of Directors are pleased to present the 31st Annual Report of your Company ("the Company" or "Fusion") along with the Audited Financial Statements, for the Financial Year ended March 31, 2025 ("Financial Statements").

1. FINANCIAL SUMMARY/STATE OF AFFAIRS

The financial statements of the Company for the year ended March 31, 2025 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 Securities and Exchange Board of India ("SEBI").

The financial results of the Company for the current Financial Year ended March 31, 2025, as compared to the previous Financial Year ended March 31, 2024, are as under:

(₹ in crores unless otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations		
Interest Income	2,134.22	2,091.90
Fees and commission Income	15.14	41.67
Net gain on fair value changes	81.26	52.86
Net gain on derecognition of financial instruments under amortized cost category	89.14	130.30
Total Revenue from operations	**2,319.76**	**2,316.73**
Other Income	49.13	95.69
Total Income	**2368.89**	**2,412.42**
Expenses		
Finance Costs	843.85	790.83
Impairment on financial instruments	1869.49	364.86
Employee benefits expenses	573.24	431.22
Depreciation and amortization	11.67	9.01
Other expenses	203.65	153.24
Total Expenses	**3501.90**	**1,749.16**
Profit/ (Loss) before tax	**(1,133.01)**	**663.26**
Tax Expense:		
Current Tax	-	172.30
Deferred Tax	91.53	(14.33)
Profit/ (Loss) after tax	**(1224.54)**	**505.29**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains/(loss) on defined benefit plans	1.28	1.64
Income tax effect	-	(0.41)
Total Other Comprehensive Income for the year	**1.28**	**1.23**
Total Comprehensive Income for the year	**(1233.26)**	**506.52**

During the Financial Year 2024–25, the Company's total revenue grew marginally by 0.13% to INR 2,319.76 crore. However, the Company reported a net loss of INR 1,224.54 crore for the year, in contrast to a net profit of INR 505.29 crore in the previous Financial Year 2023–24.

2. OPERATIONAL PERFORMANCE

Operational performance of the Company for the current Financial Year ended March 31, 2025 as compared to the previous Financial Year ended March 31, 2024 is summarized below:

Particulars	FY March 31, 2025	FY March 31, 2024	Increase over %
Number of Branches	1,571	1,297	21.13%
Number of Active Loan Borrowers	32,08,248	38,61,892	-16.93%
Number of employees	15,274	13,807	10.63%
Number of States	22	22	-
Amount Disbursed (INR Crore)	6,971	10,294	-32.28%
Gross Loan Portfolio (INR Crore)	8,980	11,476	-21.75%

The Company reached out to 32,08,248 active loan Borrowers as on March 31, 2025, which has decreased from 38,61,892 as on March 31, 2024. The reduction in active loan borrowers during the year was -16.93%.

The Company has 15,274 employees as on March 31, 2025, which was 13,807 as on March 31, 2024, through 1,571 Branches, across 22 states and 497 districts in India. During the year under review, the Company opened/split 274 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 Financial Year ended on March 31, 2025 prepared under the provisions of the Act 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, 2025 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 Financial Year 2024-25, the Company has not transferred any amount to the statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934, due to loss during the Year.

7. DIVIDEND DISTRIBUTION POLICY

Pursuant to the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), the Company had formulated a dividend distribution policy, which sets out the parameters and circumstances to be considered by the Board of Directors ('Board') in determining the distribution of dividend to its shareholders and/or retaining profit earned. The said policy is also available on the website of the Company at https://fusionfin.com/wp-content/uploads/2024/11/11.-Dividend-Distribution-Policy-W.pdf

8. DIVIDEND

The Board of Directors is focused on driving sustainable business growth and enhancing long-term shareholder returns. In line with this objective, and considering the substantial resources required to support the Company's long-term strategic initiatives and losses during the financial year ended on March 31, 2025, the Board has not considered or recommended distribution of any dividend for the year under review.

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

In terms of Section 125 of the Act, unclaimed dividends are required to be transferred to the Investors Education and Protection Fund. There 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 review.

10. SCALE BASED REGULATIONS

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

11. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2024-25, the Board met 9(Nine) times and details related to the board meetings of the Company are mentioned in the Corporate Governance Report annexed as **"ANNEXURE -1"**, which forms part of this report. The intervening gap between the Board Meetings was within the period prescribed under the Act and SEBI Listing Regulations.

12. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the Financial Year ended March 31, 2025.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

a. Changes in Directors and KMPs during the FY 2024-25

(i) The Shareholders in the Annual General Meeting of the Company held on September 27, 2024 approved the re-appointment of Mr. Narendra Ostawal (DIN: 06530414), retiring by rotation, as the Nominee Director of the Company.

(ii) The tenure of Mr. Pankaj Vaish (DIN: 00367424), Independent Director of the Company was completed on September 21, 2024.

(iii) The Board, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), appointed Mr. Puneet Gupta (DIN: 02728604), as an Additional Director in the category of an independent director w.e.f. October 5, 2024 to hold the office upto the date of AGM. Based on the recommendations of the NRC and Board of Directors, the shareholders in the Extra Ordinary General meeting of the Company held on October 30, 2024, approved the appointment of Mr. Puneet Gupta as an Independent Director, for a period of three consecutive years, w.e.f. October 5, 2024.

The Board is of the opinion that Mr. Puneet Gupta (DIN: 02728604) is a person of integrity, expertise, and is having competent experience and proficiency to serve the Company as an independent director that can strengthen the overall composition of the Board.

(iv) The Board has appointed Mr. Sanjay Garyali as the Chief Executive Officer of the Company w.e.f. March 17, 2025.

(v) The designation of Mr. Devesh Sachdev (DIN: 02547111) has been changed from "Managing Director & CEO" to "Managing Director" w.e.f. March 17, 2025.

b. 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 read with secretarial standard-2, the Company shall have at least one Woman Director on the Board. Accordingly, the Company has Ms. Namrata Kaul and Ms. Ratna Dharashree Vishwanathan as Independent Woman Directors on the Board.

c. Director retiring by rotation

Mr.Devesh Sachdev (DIN: 02547111) shall retire by rotation as a director on the Board 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 a director. As stipulated under Reg 36 (3) of the SEBI Listing Regulations read with secretarial standard-2, a brief resume of Mr. Devesh Sachdev proposed to be reappointed is given in notice of the 31st AGM of the Company.

d. Key Managerial Personnel (KMP)

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

14. DECLARATION OF INDEPENDENCE

The Company has received 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.

15. CREDIT RATING

Rating Instrument	Rating Agency	Rating at the beginning of the Year	Rating at the end of the Year	Movement
Long-Term Debt (Bank Loan)	CRISIL	CRISIL A+/ (Stable)	CRISIL A-/ (Stable)	Downgraded
	CARE	CARE A+/ (Stable)	CARE A (Rating Watch with Negative Implications)	Downgraded
Non-Convertible Debenture	ICRA	ICRA A+/ (Stable)	ICRA A- (Negative)	Downgraded
Subordinate Debt	ICRA	ICRA A+/ (Stable)	ICRA A- (Negative)	Downgraded
Commercial Paper	CRISIL Ratings Ltd	NA	CRISIL A1	NA

Further, CARE Edge Analytics & Advisory has assigned Grading of MFI 1(One).

16. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 22.42% as on March 31, 2025, as against the minimum capital adequacy requirements of 15% by Reserve Bank of India ("RBI").

17. FAIR PRACTICE CODE

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

18. CUSTOMER GRIEVANCES

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

19. RESOURCE MOBILIZATION

a) Term Loan / Sub debt /Refinance

During the Financial Year ended March 31, 2025, the Company diversified its sources of funds and raised a sum of Rs. 4,030.13 Crore (Inclusive of Term Loan of Rs. 3,821.30 Crore, and ECB of Rs. 208.84 Crore).

b) Secured / Unsecured Non-convertible debentures

During the Financial Year ended March 31, 2025, the Company has not raised funds from unsecured Non-Convertible Debentures and secured Non-Convertible Debenture.

c) Direct Assignment

During the Financial Year ended March 31, 2025, the Company raised resources to the extent of Rs. 1,010.00 Crore through Direct Assignment.

20. SHARE CAPITAL AND EMPLOYEE STOCK OPTION SCHEME

A. SHARE CAPITAL

The Authorized Share capital of the company was increased from INR 1,05,00,00,000 (Indian Rupees One Hundred and Five Crores only) divided into 10,50,00,000 (Ten Crore Fifty Lakh) equity shares of face value of INR 10/- (Indian Rupees Ten only) each to INR 2,00,00,00,000/- (Indian Rupees Two Hundred Crores Only) divided into 20,00,00,000 (Twenty Crores) equity shares of face value of INR 10/- (Indian Rupees Ten Only) each, as approved by the shareholders of the Company in the Extraordinary General Meeting held on October 30, 2024.

The Issued and Paid-up Equity Share Capital of the Company as on March 31, 2025, stood at INR 1,010,238,850 (Rupees One Hundred and One Crore Two Lakh Thirty Eight Thousand Eight Hundred Fifty only) consisting of 101,023,885 (Ten Crore Ten Lakh Twenty Three Thousand Eight Hundred and Eighty Five only) Equity Shares of INR 10/- each.

During the year the Board of Directors of the Company in its meeting held on December 04, 2024, has considered and approved the raising of funds by way of issue of partly paid equity shares of the Company of face value INR 10 each through Rights Issue for an amount aggregating up to INR 800 crores to the eligible equity shareholders of the Company.

Pursuant to the above, the Company has successfully completed the Rights Issue and the Rights Issue Committee on May 02, 2025 has approved an issuance and allotment of 6,10,58,392 partly paid up equity shares at INR 131/- (Indian Rupees One Hundred and Thirty one only) per equity share (including face value of INR 10/-(Indian Rupees Ten only) each and a premium of INR 121/- (Indian Rupees One Hundred and Twenty one only) per equity share); out of which an amount of INR 65.50/- (Indian Rupees Sixty Five and fifty paisa only) per equity share (including face value of INR 5/- (Indian Rupees Five only each and a premium of INR 60.50/- per equity share), aggregating to an amount of INR 399.93 crore has been paid by the eligible equity shareholders of the Company. The remaining amount may be called in one or more subsequent call(s), with terms and conditions such as the number of calls and the timing and quantum of each call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to March 31, 2027, or such other extended timeline.

Consequently, with effect from May 02, 2025, the Issued and Paid-up Equity Share Capital of the Company stood at INR 1,31,55,30,810 (Rupees One Hundred and Thirty One Crore Fifty Five Lakh Thirty Thousand Eight Hundred and Ten only) consisting of 10,10,23,885 (Ten Crore Ten Lakh Twenty Three Thousand Eight Hundred and Eighty Five only) fully paid up Equity Shares of INR 10/- each and 6,10,58,392(Six Crore Ten Lakh Fifty Eight Thousand Three Hundred and Ninety Two only) partly paid-up Equity Shares of INR 5/- each.

Further, the Company has not bought back any of its securities during the year under review.

B. EMPLOYEE STOCK OPTION SCHEME

In order to motivate, incentivize and reward employees, your Company instituted Fusion Employee Stock Plan, 2016 ("ESOP 2016) and Fusion Employee Stock Option Plan, 2023 ("ESOP 2023")

The NRC monitors the implementation of ESOP 2016 and ESOP 2023, which are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations").

Relevant disclosures pursuant to SEBI SBEB Regulations, as on March 31, 2025, are available on the website of the Company at https://fusionfin.com/employee-benefit-scheme-docs/.

During the year under review, the Board of Directors, based on the recommendation of NRC,in its meetings held on March 14, 2025 approved the increase of ESOP pool from 10,00,000 stock options to 60,00,000 stock options in ESOP 2023 scheme and some other amendements, which was further approved by the shareholders on April 23, 2025 vide postal ballot. The company has also received in-principle approval for the additional pool of 50,00,000 options from BSE vide letter No. DCS/IPO/AK/ESOP-IP/3649/2025-26 and NSE vide letter no. NSE/LIST/48565, both dated June 04, 2025.

21. NON CONVERTIBLE DEBENTURES

During the financial year ended March 31, 2025, the Company has not raised any funds by issuance of unsecured Non-Convertible Debenture and secured Non-Convertible Debenture respectively. The total fully redeemed NCDs in FY25 is INR 56.67 Crores. The outstanding NCDs including subordinated liabilities in form of NCDs as on March 31, 2025, was Rs. 198.78 Crores.

22. COMMITTEES DETAILS

As on March 31, 2025, the Company has 10 committees which govern and oversee different areas of the Company's operations ensuring regular guidance and monitoring.

For further details, please refer to Corporate Governance Report, which forms part of Directors' Report as **"Annexure – 1".**

23. RELATED PARTY TRANSACTIONS

During the Financial Year 2024-25, there were no material related party transactions entered by the Company that were required to be disclosed in form AOC-2. The details of the related party transactions are provided in the notes to the Financial Statements.

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

24. 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 28th Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company to be held in the Financial Year 2025-26. The tenure of office of M/s. Deloitte Haskins and Sells, Chartered Accountants (Firm Registration No. 015125N), as Statutory Auditors of the Company will expire with the conclusion of 31st AGM of the Company. The Board places on record its sincere appreciation for the services rendered by M/s. Deloitte Haskins and Sells, during their tenure as Statutory Auditors of the Company.

In order to ensure smooth transition and handover and In terms of Section 139 of the Act read with rules made thereunder and guidelines issued by RBI on April 27, 2021, the Audit Committee of the Board, after assessing the qualifications and experience of M/s. B.K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), recommended their appointment as the Statutory Auditors of the Company for a period of 3 (three) consecutive years from the conclusion of the ensuing 31st AGM till the conclusion of the 34th AGM of the Company. The Board of Directors at its meeting held on June 10, 2025, based on the recommendations of the Audit Committee and subject to approval of the members at the ensuing 31st AGM, approved the appointment of M/s. B.K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), as the Statutory Auditors of the Company for a period of 3 (three) consecutive years from the conclusion of the ensuing 31st AGM till the conclusion of the 34th AGM of the Company. Appropriate resolution seeking approval of the members for appointment and remuneration of M/s. B.K. Khare & Co, Chartered Accountants, is appearing in the Notice convening the 31st AGM of the Company.

The Company has received written consent(s) and certificate(s) of eligibility and other relevant documents in accordance with Sections 139, 141 of the Act read with Guidelines issued by RBI on April 27, 2021, and other applicable provisions Rules made thereunder (including any statutory modification(s) or re-enactment(s) for the time being in force), from M/s. B.K. Khare & Co., Chartered Accountants.

Statutory Audit Report

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors of the Company have, in their report(s) on the audited financial statements of the Company for the financial year ended March 31, 2025 submitted following observations:

Qualified Opinion on Financial Statements:

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, 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 31st March 2025, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion on Financial Statements:

As stated in Note 60 to the financial statements, the Company has not evaluated whether any of the expected credit allowances recognised in the year ended March 31, 2025 should be retrospectively adjusted to the previously reported amounts in the prior year presented because of impracticability as described in Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. In the absence of sufficient and appropriate evidence, we are unable to comment on the Company's basis of impracticability to evaluate and determine whether any retrospective adjustment should have been made to previously reported amounts in the prior year presented."

Qualified Opinion on Internal Financial Controls:

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2025, 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.

Basis for Qualified Opinion on Internal Financial Controls:
According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls with reference to the financial statements as at March 31, 2025.

The Company has concluded that it was impracticable to evaluate and determine any amounts for retrospective recognition and measurement in those prior periods on account of expected credit loss allowance as explained in note 60 of the financial statements of the Company. As a result, we are unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2025.

Because of the deficiency in financial closing and reporting process, in respect of information as aforesaid, we are unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to the financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Directors' response to Qualified Opinion on Financial Statements and Internal Financial Controls: With respect to Auditor's Qualified Opinion on Financial Statements and Internal Financial Controls and in reference to the explanation given in Note 60 to the Financial Statements, the Board has taken note of the statutory auditor's remarks and wishes to clarify that the microfinance sector experienced significant dislocation during FY25, which resulted in sharp deterioration in borrower credit quality. The Company has evaluated whether any of the expected credit loss (ECL) allowances recognized during FY25 should have been attributed to prior periods. However, consistent with the principles set out in Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), and given the limitations in objectively determining information relating to assumptions and circumstances as it existed in those prior periods, the Company concluded that it was impracticable to evaluate and determine any amounts for retrospective recognition and measurement in those prior periods. This is because significant judgments had been applied in determining the staging of the loan assets and related impairment allowance for events and conditions existing as at the earlier reporting dates. The Company believes it would not be appropriate to apply those judgments retrospectively without the benefit of hindsight.

With respect to the statutory auditor's observation regarding controls over historical ECL provisioning, it is important to highlight that targeted remedial actions have since been undertaken, following the commissioning of multiple independent external reviews. These include: (a) investments in technology upgrades, (b) revision of underwriting policies, and (c) enhancements to the ECL methodology based on recommendations from external review, among others.

Auditors' Remark on Material uncertainty related to Going Concern:
"We draw attention to Note 61 to the financial statements which describes the material uncertainty in relation to the going concern assumption used in the preparation of the financial statements. This condition and other matters stated in the Note indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note."

Our Opinion is not modified in respect of this matter."

Directors' response to Auditors' Remark on Material uncertainty related to Going Concern:
With respect to remark on material uncertainty on going concern and in reference to the explanation given in Note 61 to the Financial Statements, the Board confirms that the financial statements have been appropriately prepared on a going concern basis. As at March 31, 2025, the Company had breached various financial covenants (in respect of borrowings amounting to INR 4,762.62 crore as at March 31, 2025), resulting in these borrowings technically becoming repayable on demand. However, the Company has obtained extension, of less than 12 months and equal to or more than 12 months from testing date for said breaches from lenders whose borrowings as of March 31, 2025 aggregate INR 3,748.90 crore and INR 331.02 crore respectively. This aggregates to a total waived amount of INR 4,079.92 crore (~86% of the breached amount). The Company is in discussion with the remaining lenders to obtain similar extensions. It is further clarified that no demand for accelerated repayment of borrowed funds has been received from any lender as on date, and the lenders have continued to extend their support to the Company. Additionally, the Company holds Cash and Cash equivalents and liquid assets aggregating to INR 798.36 crore as at March 31, 2025, and INR 877.73 crore as at May 31, 2025. To further strengthen liquidity and balance sheet resilience, the Company successfully completed a rights issue of partly paid-up equity shares of INR 799.86 crores which was subscribed 1.5x, with the Share Application Money of INR 399.93 Crores completed in May 2025, and the remaining INR 399.93 Crores callable at the Company's discretion.

The Company has demonstrated continued support from its lending partners through all quarters in FY25, and the Board believes that with the corrective actions taken and strengthening of the balance sheet, Fusion is well positioned to continue to operate as a going concern.

Further, 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
The Board of Directors at its meeting held on June 10, 2025, based on the recommendations of the Audit Committee and subject to approval of members at the ensuing 31st AGM, approved the appointment of M/s. Navneet K Arora & Co LLP, Company Secretary (Firm Registration No. P2009DE061500), for a first term of 5 (five) consecutive years beginning from Financial Year 2025-26 i.e. from the 31st AGM till the conclusion of the 36th AGM.

Secretarial Audit Report
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 in Form No. MR-3 of the Company for the period under review.

The Secretarial Audit Report for Financial Year ended on March 31, 2025 does not contain any qualification, reservation, adverse remark or disclaimer, except as contained therein, and forms part of Board Report as "ANNEXURE – 2". The management response to the same is given as follows:

Sr. no.	Secretarial Auditors remark	Management response
1	The Company has defaulted the provisions of Regulation 17 of the Listing Regulations, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, the number of independent directors fell below the one half of the total strength of Board and total strength of the Board was less than Six Directors. Subsequently, Mr. Puneet Gupta, was appointed as Independent Director on the Board of the Company w.e.f. October 5, 2024.	The Company acknowledges the temporary non-compliance with the provisions of Regulation 17 and Regulation 18 of the SEBI LODR Regulations, due to the completion of tenure of Mr. Pankaj Vaish, Independent Director, on September 21, 2024. As a result of his cessation, the composition of the Board of Directors fell below the minimum requirement of six directors and the requisite proportion of Independent Directors, as mandated under Regulation 17 of SEBI LODR Regulation. Similarly, the composition of the Audit Committee did not meet the criteria under Regulation 18 SEBI LODR Regulations and Section 177 of the Act, wherein the number of members fell below the minimum of three directors, and the proportion of Independent Directors fell below the required two-thirds. To ensure the compliance of the same, Mr. Puneet Gupta was appointed as an Independent Director and a member of the Audit Committee on October 5, 2024. Consequently, the Board and Audit Committee compositions were brought into compliance with the applicable regulatory requirements. Further, a penalty of Rs. 74,340/- and Rs. 33,040/- (both inclusive of GST) was imposed each by the National Stock Exchange of India Limited and BSE Limited for the period of non-compliance. The said penalty has been duly paid by the Company. The Company remains committed to adhering to all applicable regulatory requirements and maintaining robust corporate governance practices.
2	The Company has defaulted the provisions of Regulation 18 of the Listing Regulations, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Audit Committee, the number of the independent director members of the Audit Committee fell below the two/third of the strength of the audit Committee and minimum three directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Audit Committee w.e.f. October 5, 2024.	
3	The Company has defaulted the provisions of Section 177 of the Companies Act, 2013 read with rules made thereunder, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Audit Committee, the number of the independent director members of the Audit Committee were not in majority and number of the members of the Audit Committee fell below minimum three Directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Audit Committee w.e.f. October 5, 2024.	

4	The Company has defaulted the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Corporate Social Responsibility Committee, the number of the members of the Corporate Social Responsibility Committee fell below minimum three Directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Corporate Social Responsibility Committee w.e.f. October 5, 2024.	The Company acknowledges the temporary non-compliance with the provisions of Section 135 of the Companies Act, 2013, and the rules made thereunder, due to the completion of tenure of Mr. Pankaj Vaish, Independent Director, on September 21, 2024. Mr. Vaish was also a member of the Corporate Social Responsibility (CSR) Committee, and his cessation from the Board led to the number of CSR Committee members falling below the statutory minimum of three directors. To ensure the compliance of the same, Mr. Puneet Gupta was appointed as an Independent Director and a member of the CSR Committee on October 5, 2024. This appointment restored the Committee's composition in line with the requirements prescribed under Section 135 of the Act. The Company remains committed to adhering to all applicable regulatory requirements and maintaining robust corporate governance practices.
5	The Company has defaulted the provisions of Regulation 23 of Listing Regulations, as the Company has not taken the approval of Audit Committee for the payment of remuneration to Mr. Devesh Sachdev, Managing Director, and promoter of the company	The Company acknowledges the non-compliance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the remuneration paid to Mr. Devesh Sachdev, Managing Director and Promoter of the Company. Upon identification of this lapse, the Company took corrective measures by placing the matter before the Audit Committee for its approval and obtained the requisite approval.
6	The remuneration paid to Mr. Devesh Sachdev, exceeded the limit specified provided under Section 197 of the Companies Act, 2013 read with Schedule V to the Act. Further, the Company has also defaulted the provisions of Regulations 17(6)(e) of the Listing Regulations as the remuneration paid to Mr. Devesh Sachdev, Managing Director, exceeds the 5 crore or 2.5 per cent of net profits of listed entity, whichever is higher, and the remuneration of Mr. Devesh Sachdev was approved by way of an Ordinary Resolution.	The Company acknowledges the non-compliance with Section 197 of the Companies Act, 2013 read with Schedule V, as the remuneration paid to Mr. Devesh Sachdev, Managing Director, exceeded the prescribed limits. The Nomination & Remuneration Committee and the Board have approved the remuneration, and the matter will be placed before the shareholders for approval by Special Resolution at the ensuing 31st Annual General Meeting.
7	The Company has defaulted the provisions of Regulation 33 of the Listing Regulations, as the Company submitted the quarterly financial results for the quarter ended September 30, 2024 with a delay of one day as on November 15, 2024.	The Company acknowledges the non-compliance with Regulation 33 of the SEBI LODR Regulations due to a one-day delay in submitting the financial results for the quarter ended September 30, 2024, which were filed on November 15, 2024. The delay occurred due to the adjournment of the Board meeting from November 14, 2024 to November 15, 2024. The Company regrets the delay and has taken steps to ensure adherence to timelines in future filings.
8	The Company has defaulted the provisions of Rule 9(6) of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019	The Company acknowledges the non-compliance with Rule 9(6) of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. The non-compliance of delayed filing of "FC-TRS tranche 2" was on account of late receipt of final payment invoices related to offer expenses, leading to delayed remittance to foreign investors (beyond regulatory timeline of 18 months), which consequently contributed to the delayed filing of FC-TRS. Internal compliance procedures are being strengthened to ensure timely adherence to applicable FEMA regulations going forward.
9	There were instances of minor delays in reporting under regulation 30 of the Listing Regulations, for intimations of events related to intimation of schedule of Investor meet/earning call/show cause notices received from GST authorities and regulation 32 of the Listing Regulations for submission of monitoring agency report for the quarter ended September 30, 2024.	The Company acknowledges delays in submissions under Regulation 30 of the SEBI Listing Regulations relating to the disclosure of certain events, and the Company regrets the delay and has taken steps to ensure adherence to timelines in future filings.
10	The Company has defaulted the para 45.1.2 and 45.1.3, of Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, related to MSME business	The Company is in the process of taking corrective measures to align with the prescribed regulatory requirements.
11	There were Instances of delayed submission of reports/returns to RBI and non-filing of form MGT-14 with Registrar of Companies	The Company has filed eform MGT-14 subsequently. Further, the Company regrets the delay and has taken steps to ensure adherence to timelines in future filings.

Annual Secretarial Compliance Report

A Secretarial Compliance Report for the Financial Year ended March 31, 2025 on compliance of all applicable Acts and SEBI Regulations and circulars/ guidelines issued thereunder, was obtained from M/s. Harish Popli & Associates, Company Secretaries, Secretarial Auditor of the Company. The same was submitted to the stock exchanges in due course.

25. PARTCULARS 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.

26. COMPENSATION 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 Guidelines, the Board of directors has approved the Compensation and Remuneration Policy.

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

This Policy is available on our website at www.fusionfin.com.

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

Rights Issue

During the year the Board of Directors of the Company in its meeting held on December 04, 2024, has considered and approved the raising of funds by way of issue of partly paid equity shares of the Company of face value INR 10 each through Rights Issue for an amount aggregating up to INR 800 crores to the eligible equity shareholders of the Company.

Pursuant to the above, the Company has successfully completed the Rights Issue and the Rights Issue Committee on May 02, 2025 has approved an issuance and allotment of 6,10,58,392 partly paid up equity shares at INR 131/- per share (including face value of INR 10/- each and a premium of INR 121/- per share); out of which an amount of INR 65.50/- per share (including face value of INR 5 each and a premiumof INR 60.50 per share), aggregating to an amount of INR 399.93 crore has been paid by the eligible equity shareholders of the Company. The remaining amount may be called in one or more subsequent call(s), with terms and conditions such as the number of calls and the timing and quantum of each call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to March 31, 2027, or such other extended timeline.

Employee Stock Options Plan

During the year, the Board vide its meetings dated March 14, 2025 approved the increase of ESOP pool from 10,00,000 stock options to 60,00,000 stock options in ESOP 2023 scheme, which was further approved by the shareholders on April 23, 2025 vide postal ballot. The company has also received in-principle approval for the additional pool of 50,00,000 options from BSE vide letter No. DCS/IPO/AK/ESOP-IP/3649/2025-26 and NSE vide letter no. NSE/LIST/48565, both dated June 04, 2025.

28. AMENDMENT IN THE MEMORANDUM OF ASSOCIATION ("MOA") AND ARTICLES OF ASSOCIATION (AOA)

During the Financial Year ended March 31, 2025, the Company's MOA and AOA were amended , pursuant to the change in the name of the company from "Fusion Micro Finance Limited" to "Fusion Finance Limited".

Further, the Board of directors in its meeting held on June 10, 2025 approved the amendment in Articles of Associations of the Company, subject to the approval of the members, in order to enable the Board of directors to make call on partly paid up shares up to one half or 50% of the nominal value and premium amount of the share. The Company is seeking approval of the members in the ensuing AGM of the Company.

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

a. Information Relating to Conservation of Energy, Technology Absorption

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

b. Foreign Exchange Earnings and Outgo

There has an foreign exchange inflow of INR 208.84 crores on account of external commercial borrowings while outgo during the year under review is INR 101.96 crores towards Interest Payment on ECB, professional fees against ECB and Rights Issue & other operating expenses.

30. RISK MANAGEMENT

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

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

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".**

31. 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 Financial Year 2024-25 containing salient features of CSR Policy and other relevant details is attached as **"ANNEXURE 4"** to this Report.

32. 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/brsr/

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

In compliance with the Companies Act, 2013, and SEBI Listing Regulations, 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, and after evaluation, the same is compiled by Nomination & Remuneration Committee (NRC) Chairperson. Further,the Company has also appointed an independent third party for carrying out the evaluation process in fair manner.

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.

34. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Vigil Mechanism system/Whistle Blower Policy has been established with a view to provide a tool for directors and employees of the Company to report to the management genuine concerns including unethical behavior, actual or suspected fraud. The Policy ensures adequate safeguards to protect directors and employees from any form of retaliation or victimization for raising such concerns. The Company has not received any complaints 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, 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 Company has not received any complaints under the said policy during the year.

The said Policy is available on the Company's website at www.fusionfin.com.

35. AUDIT COMMITTEE

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

36. CODE OF CONDUCT FOR INSIDER TRADING

The Company has duly formulated and adopted the Code of Conduct for Prohibition of Insider Trading in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of this Code is to 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.

37. RBI OMBUDSMAN

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

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

38.SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

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

During the Financial Year 2024-25, there are no such orders passed by the regulators/courts/tribunals impacting the going concern status and the Company's operations in future.

40. INTERNAL FINANCIAL CONTROLS

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audits as per RBI guidelines on Risk Based Internal Audit, risk management framework and whistle blower mechanism. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting.

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

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

41. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, 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. The Annual Report of ICC Committee for the period commencing from January 01, 2024, till December 31, 2024, was submitted to the office of District Collector, Gurugram on February 21, 2025. The details pertaining to complaints received on matters pertaining to sexual harassment during the Financial Year 2024-25, are as below:

(a) number of complaints of sexual harassment received in the year: None

(b) number of complaints disposed off during the year: None

(b) number of complaints pending for more than ninety days: NA

Further, the Company has complied with the provisions relating to the Maternity Benefit Act, 1961.

42. CORPORATE GOVERNANCE

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

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

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

43.PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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 and other details is attached as **"ANNEXURE 5"** which forms part of this report.

44. DIRECTORS' RESPONSIBILITY STATEMENT

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

a. In the preparation of the annual financial statements for the year ended March 31, 2025, 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, 2025 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 otherirregularities;

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

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

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

45. RBI GUIDELINES

The Company is registered with the Reserve Bank of India as a NBFC within the provisions of the NBFC (Reserve Bank of India) Directions, 1998. The Company continues to comply with 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 SEBI Listing Regulations, in the Financial Year 2024-2025.

47. LISTING

The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The listing fees to BSE & NSE for the Financial Year 2025-26 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 are not applicable to the Company.

49. 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').

The members vide postal ballot dated April 23, 2025, approved the amendments in the ESOP 2023. The amendments are aimed at enhancing employee engagement, recognizing their contributions and performance, and motivating them to actively support the growth and profitability of the Company.

The disclosures required under Regulation 14, read with Part F of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, are available on the Company's website at https://fusionfin.com/employee-benefit-scheme-docs/

50. SECRETARIAL STANDARDS

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

51. INSOLVENCY PROCEEDINGS

There was no application made by the Company initiating insolvency proceedings against any another entity nor are any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

52. ONE-TIME SETTLEMENTS

The Company has not entered into a one-time settlement with any of the banks or financial institutions. Accordingly, there are no details regarding difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

53. 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, 2025, 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.

54. SUSPENSION OF TRADING

The securities of the Company have not been suspended from trading during the period under review.

55. 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.

56. 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 theirsincere 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
Of Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)

	Sd/-	Sd/-
	Devesh Sachdev	**Ratna Dharashree Vishwanathan**
Place: Gurugram	(Managing Director)	(Director)
Dated:10.06.2025	DIN:02547111	DIN:07278291

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 ('SEBI 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 key driver for creating long-term value and sustainable wealth for all its stakeholders. The Company is committed to upholding the highest standards of governance guided by timely disclosures, transparent corporate policies and high levels of integrity in decision making. Over the years, we have consistently enhanced our governance framework to align with evolving best 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, 2025, the Board of Directors comprises of 6 (Six) Directors, including 1 (one) Executive Non Independent 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 built on the foundation of an effective Board comprising Independent Directors, separation of the Board's supervisory role from the executive management team, and constitution of specialized Board Committees for various functions including those mandated by law. We believe that a proactive and well-informed Board is essential to uphold the highest standard so Corporate Governance.

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

Attendance of Directors at the Last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/ Memberships of Committees, Directorship in other Listed entities:

Name of Director and Director identification number	Category of Directors	Designation	Attendance of the last AGM held on 27 September, 2024	*No of other Companies in which he/she is Director	**No. of Audit/Stake holder committees in which director is		Particulars of other Equity Listed Entity/ Directorship
					Member	Chairman /Chairperson	
Mr.Devesh Sachdev DIN: 02547111	Promoter and Executive	Managing Director	Yes	-	1	-	Nil
Ms. Ratna Dharashree Vishwanathan DIN: 07278291	Non-Executive	Independent Director	No	4	4	3	1. Moneyboxx Finance Limited– Independent Director 2. Dilip Buildcon Limited– Independent Director 3. Sir Shadi Lal Enterprises Limited- Independent Director
Ms. Namrata Kaul DIN: 00994532	Non-Executive	Independent Director	Yes	3	8	5	1. Havells India Limited – Independent Director 2. Schneider Electric Infrastructure Limited – Independent Director 3. Akzo Nobel India Limited - Independent Director
Mr. Puneet Gupta DIN: 02728604	Non-Executive	Independent Director (w.e.f. October 05, 2024)	Not Applicable	0	3	-	-
Mr. Kenneth Dan Vander Weele DIN: 02545813	Non-Executive	Nominee Director on behalf of Creation Investments Fusion LLC and Creation Investments Fusion II LLC	No	-	-	-	-
Mr. Narendra Ostawal DIN: 06530414	Non-Executive	Nominee Director on behalf of Honey Rose Investment Ltd	No	3	2	-	1. Home First Finance Company India Limited - Nominee Director
Mr.Pankaj Vaish (DIN : 00367424)#	Non-Executive	Independent Director(till September 21, 2024)	Not Applicable	2	5	-	1. 360 One Wam Limited – Independent Director 2. Xchanging Solutions Limited- Independent 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.

#Details as per Corporate Governance Report for the Quarter ended June 30, 2024.

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 among the members of 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 6,000 equity shares including shares held as a joint holder and Mr. Puneet Gupta (DIN: 02728604) who holds 4,000 equity shares, as on March 31, 2025.

Further, Mr. Puneet Gupta's total shareholding as on May 02, 2025, is 6,882 equity shares.

Additionally, Mr. Devesh Sachdev, Managing Director holds 49,41,314 equity shares of the company as on March 31, 2025.

KEY QUALIFICATION, EXPERTISE AND ATTRIBUTES OF BOARD

The Company's Board comprises of the Executive, Non-Executive and Independent Directors, who are distinguished professionals with expertise in diverse domains such as business, finance, law, marketing and other key functional areas. Their collective experience and insights play a vital role in strengthening Board deliberations and ensuring balanced decision-making. The Board represents an optimal blend of professionalism, domain knowledge and strategic experience.The specific skills, expertise, and competencies identified by the Board as essential in the context of the Company's business are outlined 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*	Mr. Puneet Gupta*
Banking Operations	✓	✓			✓	✓	✓
Audit & Financial Statements	✓	✓	✓	✓	✓	✓	✓
Financing		✓	✓	✓	✓	✓	✓
Investment		✓	✓		✓	✓	✓
Risk Management			✓	✓	✓	✓	✓
Entrepreneurship	✓	✓				✓	✓
Micro-Finance	✓	✓		✓	✓		
Management	✓	✓	✓	✓	✓	✓	✓
Information Technology	✓			✓	✓	✓	✓
Human Resource Development	✓			✓		✓	

*The tenure of Mr. Pankaj Vaish completed on September 21, 2024 and Mr. Puneet Gupta was appointed as an Independent Director w.e.f. October 05, 2024.

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 share holders 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 2024-25, the board met 9 (Nine) times i.e. on, May 06, 2024, August 06, 2024, September 21, 2024, October 05, 2024, November 14, 2024, December 04, 2024, February 12, 2025, March 14, 2025 and March 29, 2025. The intervening gap between the two board meetings were in compliance of the provisions of the Act.

The Composition and attendance is as follows:

Name of the Director	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Mr. Devesh Sachdev	Managing Director	9	9
Ms. Ratna Dharashree Vishwanathan	Independent Director	9	9
Ms. Namrata Kaul	Independent Director	9	7
Mr. Pankaj Vaish*	Independent Director	3	3
Mr. Puneet Gupta*	Independent Director	5	4
Mr. Kenneth Dan Vander Weele	Nominee Director	9	7
Mr. Narendra Ostawal	Nominee Director	9	9

*The tenure of Mr. Pankaj Vaish completed on September 21, 2024 and Mr. Puneet Gupta was appointed as Independent Director w.e.f. October 05, 2024.

DETAILED REASONS FOR RESIGNATION AND APPOINTMENT OF INDEPENDENT DIRECTORS:

No Independent Director resigned during the financial year ended March 31, 2025. The tenure of Mr. Pankaj Vaish was completed on September 21, 2024. Mr. Puneet Gupta was appointed as an Additional Non-Executive Independent Director on October 05, 2024. Further, the appointment of Mr. Puneet Gupta was regularized vide the approval of the shareholders in the Extra Ordinary General meeting dated October 30, 2024.

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, 2025 had ten committees: Audit Committee, Nomination and Remuneration Committee, Board Risk Management Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Working Committee, Debenture Committee and Rights Issue Committee.

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

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

1. AUDIT COMMITTEE

The Audit Committee over sees 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 & attendance are as follows -

The Committee has been constituted in terms of provisions of Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations.

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

Composition and Attendance:

During the financial year ended March 31, 2025, the Committee met 5 times, i.e. on May 06, 2024, August 06, 2024, September 20, 2024, November 14, 2024, and February 12, 2025.

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	5	5
Mr. Narendra Ostawal (Member)	Nominee Director	5	5
*Mr. Pankaj Vaish (Member)	Independent Director	3	3
*Mr. Puneet Gupta (Member)	Independent Director	2	2
Ms. Ratna Dharashree Vishwanathan (Member)	Independent Director	Appointed as a member w.e.f. June 10, 2025	

*The tenure of Mr. Pankaj Vaish was completed on September 21, 2024. Mr. Puneet Gupta was appointed as an Independent Director on the Board and member of the Committee w.e.f. October 05, 2024.

Terms of Reference of the Audit Committee:

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

The role of the Audit Committee includes the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   (b) changes, if any, in accounting policies and practices and reasons for the same;
   (c) major accounting entries involving estimates based on the exercise of judgment by management;
   (d) significant adjustments made in the financial statements arising out of audit findings;
   (e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions; and

(g) modified opinion(s) in the draft audit report;

5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue 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 safe guard 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. CSR & ESG Committee

The CSR & ESG Committee has been constituted by the Board, inter alia, to oversee the Corporate Social Responsibility (CSR) initiatives and Environmental, Social, and Governance (ESG) strategies. The Committee ensures that the company complies with the regulatory requirements while managing our CSR policy and monitoring the use of allocated funds in accordance with the Companies Act. The Committee also focuses on effectively implementing and monitoring our ESG initiatives. The Committee has been constituted in accordance with Section 135 of the Act.

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

The name of the Corporate Social Responsibility Committee was changed to "CSR & ESG Committee" for broadening its responsibilities to include identifying and monitoring material ESG risks and opportunities and developing strategic ESG action plans and key performance indicators. The same was approved by the Board in its meeting held on May 23, 2025.

Composition and Attendance:

During the financial year ended March 31, 2025, the Committee met 5 times, i.e. on May 06, 2024, May 24, 2024, August 05, 2024, November 11, 2024, and February 04, 2025.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	5	5
Mr. Devesh Sachdev (Member)	Managing Director	5	5
*Mr. Pankaj Vaish (Member)	Independent Director	3	3
*Mr. Puneet Gupta (Member)	Independent Director	2	2

*The tenure of Mr. Pankaj Vaish was completed on September 21, 2024. Mr. Puneet Gupta was appointed as an Independent Director on the Board and member of the Committee w.e.f. October 05, 2024.

Terms of Reference

The revised term of reference of the CSR & ESG Committee is given hereunder:

1. 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;
2. To review and recommend the amount of expenditure to be incurred on the activities referred to in (a);
3. To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time;
4. To do such other acts, deeds and things as may be required to comply with the applicable laws; and;
5. 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;
6. Monitor, evaluate, and manage the impacts of existing and emerging environmental and social (E&S) risks on the loan portfolio by implementing a robust Environmental & Social Management System (ESMS) framework and associated policies, such as corporate social responsibility (CSR), supplier code of conduct, responsible procurement, and business continuity;

7. Establish comprehensive workplace policies aimed at cultivating a positive and inclusive organizational culture, with a focus on employee conduct, protection of human rights, equal opportunity, gender diversity, employee well-being, safety, performance management, and equitable compensation;
8. Strengthening governance frameworks by formulating and implementing robust policies that uphold business ethics, foster accountability, and ensure operational transparency across all levels of the organization;
9. Identify material topics to the business operations via stakeholder engagement and mitigate the risks effectively based on the key material topics;
10. Strengthen ESG-related disclosures to effectively communicate the Company's commitment to sustainability and responsible business practices. The ESG framework shall be reviewed and updated on an annual basis by the CSR & ESG Committee of the Board to ensure alignment with evolving global ESG standards and best practices.

3. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") plays a key role in shaping company's leadership and culture. It is responsible for advising to the Board for ensuring diversity, and selecting senior-level personnel. The NRC also advises management on the remuneration policy, ensuring it meets regulatory requirements. In addition, it reviews the skills, performance, and independence of the directors and conducts an annual evaluation of the Board's effectiveness.

The NRC has been constituted in terms of the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations. The composition of the Committee is in adherence to the provisions of the Act, SEBI Listing Regulations and the RBI Directions.

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

Composition and Attendance:

During the financial year ended March 31, 2025, the Committee met 6 times, i.e. on, May 06, 2024, September 20, 2024, October 05, 2024, November 15, 2024, February 12, 2025 and March 14, 2025.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	6	6
Ms. Namrata Kaul (Member)	Independent Director	6	6
Mr. Narendra Ostawal (Member)	Nominee Director	6	6
Mr. Puneet Gupta (Member)	Independent Director	Appointed as a member w.e.f. June 10, 2025	

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 SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:
    - Formulating detailed terms and conditions of the plan in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 in term of which includes the provision as specified by the Board in this regard; and
    - Administration and superintendence of the aforesaid plan.
11. Carrying out any other function as is mandated by the Board from time to time and / or enforced/ mandated by any statutory notification, amendment or modification, as may be applicable;
12. carrying out any other function as is mentioned in the terms of reference of the Nomination and Remuneration Committee in term of the applicable laws;
13. Performing such other functions as may be necessary or appropriate for the performance of its duties; and
14. To ensure 'fit and proper' status of proposed/ existing Directors.

Performance Evaluation by the Board:

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

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.

As part of the evaluation process, the performance evaluation of Board as a whole for the FY2024-25 was done by the Directors of the Board. The performance evaluation of the Promoter Director, Nominee Directors and Non-Independent directors was done by every other Director. The performance evaluation of the Independent Directors was done by the Board excluding the Director being evaluated. The performance evaluation of the Board Committees was done by respective Committee members.

4. ASSET LIABILITY MANAGEMENT COMMITTEE

Asset Liability Management Committee ("ALM") plays a critical role in safeguarding the financial stability and soundness of the company. The Committee oversees funding and capital planning, ensuring alignment with the company's strategic goals.

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

During the financial year ended March 31, 2025, the Committee met 4 times, i.e. on May 06, 2024, August 06, 2024, November 15, 2024, and February 12, 2025.

Composition and Attendance:

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Mr. Devesh Sachdev (Chairman)	Managing Director	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 Board Risk Management Committee ("BRMC") evaluates the Company's overall risk profile, identifying key areas of risk and keeping track of emerging issues. The BRMC is responsible for setting our policy on business risk oversight and management, developing a robust risk management framework with internal controls, and conducting special investigations into corporate risks and controls when needed.

It has been constituted in accordance with Regulation 21 read with Part D Schedule II of the SEBI Listing Regulations and the RBI Directions.

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

Composition and Attendance:

During the financial year ended March 31, 2025, the Committee met 4 times, i.e. on May 06, 2024, August 06, 2024, November 11, 2024, and February 12, 2025.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	4	4
Mr. Devesh Sachdev (Member)	Managing Director	4	4
Mr. Narendra Ostawal (Member)	Nominee Director	4	4
Mr. Sanjay Choudhary (Member)	Chief Risk Officer	4	4
*Mr. Pankaj Vaish(Member)	Independent Director	2	2
*Mr. Puneet Gupta (Member)	Independent Director	2	2

*The tenure of Mr. Pankaj Vaish was completed on September 21, 2024. Mr. Puneet Gupta was appointed as an Independent director on the Board and member of the Committee w.e.f. October 05, 2024.

Terms of Reference

The term of reference of the BMRC is given hereunder:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
2. To implement and monitor policies and/or processes for ensuring cyber security;
3. To frame, devise and monitor risk management plan and policy of the Company;
4. To review and recommend potential risk involved in any new business plans and processes;
5. Review the Company's risk-reward performance to align with the Company's overall policy objectives;
6. Monitor and review regular updates on business continuity;
7. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and
8. Performing 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.
9. For each risk category the BRMC will establish a separate policy. The broad risk categories are:

   i. Credit Risk
   ii. Operational Risk,
   iii. Liquidity, Funding and Interest Rate Risk and
   iv. Other Market Risks that may arise in the future (including FX related risks)

10. To review the content and structure of risk reports for all sources of risk produced by various risk owners (department heads).
11. Carrying out any other function as is mentioned in the terms of reference of the Board Risk Management Committee in term of the applicable laws.

6. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Information Technology ("IT") Strategy Committee ensures that the Company's IT planning aligns with the business strategy. It oversees the implementation of IT processes and practices to ensure maximum value for the business. The Committee approves IT strategy and policy documents, manages business continuity and data governance, and conducts periodic comprehensive risk assessments of the IT systems. It also carries out the review and amend the IT strategies in line with corporate strategies, cyber security arrangements and any other matter related to IT Governance. The Committee has been constituted in accordance with the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices.

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

Composition and Attendance:

During the financial year ended March 31, 2025, the Committee met 5 times, i.e. on May 06, 2024, August 05, 2024, November 11, 2024, February 04, 2025 and March 21, 2025..

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
*Mr.Pankaj Vaish (Chairman)	Independent Director	2	2
*Mr. Puneet Gupta (Chairman)	Independent Director	3	3
Ms. Namrata Kaul (Member)	Independent Director	5	5
Mr. Devesh Sachdev (Member)	Managing Director	5	5
Mr. Sanjay Mahajan (Member)	Chief Information Officer	5	5

*The tenure of Mr. Pankaj Vaish was completed on September 21, 2024. Mr. Puneet Gupta was appointed as an Independent director on the Board and chairperson/member of the Committee w.e.f. October 05, 2024.

Terms of reference

The terms of reference of the Committee is hereunder:-

1. Ensure that the RE has put an effective IT strategic planning process in place;
2. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives;
3. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
4. Ensure that the RE has put in place processes for assessing and managing IT and cybersecurity risks;
5. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the RE's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
6. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the RE.
7. To perform such other activities as may be delegated by the Board or specified/provided under the RBI's IT master direction.

7. STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee ("SRC") has been constituted to look into the various aspects of interest of shareholders, and other security holders, in terms of the provisions of Section 178 of the Act and Regulation 20 read with Part D of the Schedule II of SEBI Listing Regulations.

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

Composition and Attendance:

During the financial year ended March 31, 2025, the Committee met 3 times, i.e. on May 06, 2024, November 11, 2024 and February 4, 2025..

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2025	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	3	3
Ms. Namrata Kaul (Member)	Independent Director	3	3
Mr. Devesh Sachdev (Member)	Managing Director	3	3
Mr. Puneet Gupta (Member)	Independent Director	Appointed as a member w.e.f June 10, 2025	

The status of shareholders' complaints during Financial Year 2024-25, 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.)
2	2	Nil

Further, all the complaints received during the Financial Year 2024-25 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.
7. Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the Financial Year 2024-25 , the Independent Directors of the company, met on March 10, 2025 and all the directors were present in the meeting. The Independent Directors have evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole during the year and further assessed the quality of Board performance and timeliness of flow of information with the Board.

SENIOR MANAGEMENT PERSONNEL AND KEY MAGAGERIAL PERSONNEL

During the Financial Year 2024-25, Mr. Vikas Jagdish Jajoo was appointed as Head- Internal Audit w.e.f. May 06, 2024 and Mr. Sunil Mundra was appointed as the Chief Operating Officer, MFI w.e.f. September 16th, 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. The designation of Mr. Devesh Sachdev was changed from "Managing Director & CEO" to "Managing Director" and, Mr. Sanjay Garyali was appointed as the Chief Executive Officer both w.e.f. March 17, 2025.

The following officials are part of SMPs and KMPs:

S. No	Name	Designation
Key Managerial Personnel		
1	Mr. Devesh Sachdev	Managing Director
2	Mr. Sanjay Garyali	Chief Executive Officer
3	Mr. Gaurav Maheshwari	Chief Financial Officer
4	Mr. Deepak Madaan	Company Secretary and Chief Compliance Officer
Senior Management (excluding Key Managerial Personnel)		
1	Mr. Sunil Mundra	Chief Operating Officer — MFI Business
2	Mr. Kamal Kumar Kaushik	Chief Operating Officer — MSME Business
3	Mr. Sanjay Mahajan	Chief Information Officer
4	Mr. Vikas Jagdish Jajoo	Head of Internal Audit
5	Mr. Sanjay Vishwanath Choudhary	Chief Risk Officer
6	Ms. Pooja Mehta	Chief Human Resource 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. ExecutiveDirectors

Details of the remuneration paid to Executive Directors in the Financial Year 2024-25 and other disclosures

Name	Designation	Gross Salary	Variable Pay / Bonus*	Perquisites**	Total (In Rs.)
Mr.Devesh Sachdev	Managing Director	3,10,87,830	2,64,00,000	17,54,400	5,92,42,230

*Bonus is pertaining to the FY 23-24, paid in FY 24-25.

**Perquisites of INR 39,36,016 pertaining to previous years, were paid during FY24-25.

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, Managing Director 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 Rs 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 feesfor attending meetings of the Board and the committees thereof. No sitting fee were paid to the Nominees Directors and the Managing Director. However, the microfinance industry is recently going through a challenging phase. Accordingly, there is an absence of profits of the company for the financial year 2024-25. In terms of the Schedule V of the Companies Act, 2013, companies having absence of profits or inadequate profits in terms of Section 197 and 198 of the Act, may pay remuneration to non-executive directors, including independent directors subject to the approval of shareholders of the company in accordance with the terms and conditions of Schedule V of the Act.

Further, as mentioned above, since the microfinance industry is going through a challenging phase and profitability of the Company depends upon various unforeseen factors, there is a possibility that the Company may not have adequate profits in terms of Part II, Section II of Schedule V of the Companies Act, 2013 for the subsequent financial years. Accordingly, for the approval of the payment of remuneration to the independent directors in the event of absence or inadequacy of profits, the agenda is proposed in the notice of ensuing 31st Annual General Meeting of the company.

ii. Details of sitting fees and commission paid during Financial Year 2024-25

The details of sitting fees and commission paid to Non - Executive Independent Directors for attending the meeting of the Board & relevant Committees during the Financial Year 2024-25 are as under:

Name of Director	Designation	Sitting Fees for Board and Committee Meetings (Amount in Rs.)	Commission pertaining to FY23-24, paid during FY24-25 (Amount in Rs.)
Ms. Namrata Kaul	Independent Director	20,80,000	7,50,000
Ms.Ratna Dharashree Vishwanathan	Independent Director	19,20,000	7,50,000
Mr. Pankaj Vaish*	Independent Director	9,00,000	7,50,000
Mr. Puneet Gupta*	Independent Director	8,80,000	-
Total		**57,80,000**	**22,50,000**

*The Tenure of Mr. Pankaj Vaish was completed on September 21, 2024. Mr. Puneet Gupta was appointed as an Independent director on the Board and chairperson/member of the Committees w.e.f. October 05, 2024. Further Mr. Pankaj Vaish also received reimbursement of travelling expenses amounted to Rs. 3,31,505 during the financial year ended March 31, 2025.

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, 2025, none of the director is entitled for Employees Stock Option (ESOPs) of the Company and during the financial year under the review no ESOP was granted to any directors of the Company.

GENERAL MEETINGS

ANNUAL GENERAL MEETING (AGM)

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

AGM for Financial Year	Date	Time	Venue	No. of Special Resolutions passed
2023-24	27.09.2024	11:00 A.M.	Video conferencing/ other Audio-visual Means ("VC/ OAVM")- H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	1
2022-23	29.09.2023	11:00 A.M	Video conferencing/ other Audio-visual Means ("VC/ OAVM")- 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

POSTAL BALLOT

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

I. Postal Ballot notice dated : May 10, 2024
Voting period: May 11, 2024 to June 09, 2024

Item Proposed	Resolution Type	Total Valid Votes	Votes in Favour		Votes Against	
			No. of votes	%	No. of votes	%
1. Approved the change in the name of the company from "Fusion Micro Finance Limited" to "Fusion Finance Limited".	Special	8,40,14,285	8,40,14,151	99.99	134	0.00
2. Approved the commission to be paid to the independent directors towards the board meetings and committee(s) meetings.	Ordinary	8,40,14,285	8,40,12,014	99.99	2,271	0.00

II. Postal Ballot Notice Dated: March 24, 2025
Voting period: March 25, 2025 to April 23, 2025

Item Proposed	Resolution Type	Total Valid Votes	Votes in Favour		Votes Against	
			No. of votes	%	No. of votes	%
1, Approved the amendment of Fusion. Employee Stock Option Plan 2023.	Special	74414602	65462376	87.97	8952226	12.03
2. Approved the grant of the employee stock options equal to or exceeding 1% of the issued share capital of the company to identified employees of the company under Fusion Employee Stock Option Plan 2023.	Special	74414638	65462177	87.97	8952461	12.03

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 May 10, 2024 and March 24, 2025 was sent only through email, to the members of the company as on Cut-off Date i.e. May 03, 2024 and March 21, 2025 respectively.

b) The Company had engaged the services of MUFG Intime India Private Limited (earlier Link Intime India Private Limited)('e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting period for the notice dated May 10, 2024 commenced at 9 a.m. (IST) on Saturday, May 11, 2024 and ended at 5 p.m. (IST) on Sunday, June 09, 2024. The e-voting for the notice dated March 24, 2025 postal ballot commenced at 9 a.m. on Tuesday, March 25, 2025 and ended at 5 p.m. (IST) on Wednesday, April 23, 2025.

c) As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement was also published in Financial Express: English and Jansatta: Hindi on May 11, 2024 and March 25, 2025, respectively.

d) The remote e-voting was unblocked by the scrutinizer on Monday, June 10, 2024 and Friday, April 25, 2025 respectively, in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report dated June 10, 2024 and April 25, 2025, respectively, 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 accordingly on June 09, 2024 and April 23, 2025.

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:

Financial Year	Date	Time	Location	No. of Special Resolutions Passed
2024-25	30.10.2024	11:00 A.M.	Video conferencing/ Other Audio-visual Means ("VC/ OAVM")-Plot No. 86, Institutional Sector 32, Gurugram - 122001	1
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

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

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 2024-25, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Audited Financial Results for the Financial Year ended March 31, 2024	Financial Express(English)	May 07, 2024
	Jansatta (Hindi)	May 07, 2024
Un -Audited Financial Results for the quarter ended June 30, 2024.	Financial Express(English)	August 07, 2024
	Jansatta (Hindi)	August07, 2024
Un -Audited Financial Results for the Quarter and Half Year ended September 30, 2024.	Financial Express(English)	November 16, 2024
	Jansatta (Hindi)	November 16, 2024
Un -Audited financial Results for the Quarter and Nine months ended December 31, 2024.	Financial Express(English)	February 13, 2025
	Jansatta (Hindi)	February 13, 2025
Audited Financial Results for the Financial Year ended March 31, 2025.	Financial Express (English)	May 25, 2025
	Jansatta (Hindi)	May 25, 2025

C. The official press releases are posted on Company's website "www.fusionfin.com. 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.

DEBENTURE HOLDER DETAILS:
The details regarding the Debenture Holders as on March 31, 2025 are given as under:

Name of the 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

FULL REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDS) DURING THE FY 2024-25
During the financial year 2024-25 following Non-convertible Debentures were fully redeemed (Amount in Crs.):

S. No	Name of the NCD Holders	Date of Allotment	No. of NCDs issued	Issue Amount	Amount redeemed	Date of Redemption
1	CDC Group	30-Mar-21	600	60.00	45.00	30-Mar-25
2	Vivriti Asset Management (Vivriti Short Term Bond Fund)	19-Apr-22	3,500	35.00	11.67	31-Dec-24

During the financial year 2024-25 following Non-convertible Debentures were partially redeemed:
During the Financial Year 2024-25 there were no partial redemption of Debentures.

DEBENTURE TRUSTEES DETAILS:
The Debenture Trustees during the Financial Year ended March 31, 2025 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

GENERAL SHAREHOLDER INFORMATION
31st Annual General Meeting
Date: July 22, 2025
Day:Tuesday
Time: 11:00 A.M.
Venue: Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)
Financial year: April 1, 2024 to March 31, 2025

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, FUSIONPP**	**543652, 890214**

Further, none of the securities of the company are suspended for trading as on March 31, 2025.

Listing Fees: The Company confirms payment of Annual Listing fees of NSE and BSE for Financial year 2025-26.

Dividend payment date: No dividend was declared for the Financial year 2024– 25.

REGISTRAR AND TRANSFER AGENT

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

MUFG Intime India Private Limited
(Formerly 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@in.mpms.mufg.com
Website: www.in.mpms.mufg.com

SHARE TRANSFER SYSTEM, DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The entire equity share 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, 2025 was as follows:

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1-500	73462	92.83	5697024	5.64
501 – 1,000	3023	3.82	2222517	2.20
1,001 – 2,000	1329	1.68	1932867	1.91
2,001 – 3,000	439	0.55	1114085	1.1
3,001 – 4,000	191	0.24	664612	0.66
4,001 – 5,000	158	0.20	735371	0.73
5,001 – 10,000	273	0.35	2028644	2.01
10,001 & above	261	0.33	86628765	85.75
Total	79136	100.00	10,10,23,885	100.00

B. Shareholding Pattern as on March 31, 2025

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)	1,70,78,639	16.91
	Institutions (Foreign)	17,09,715	1.69
	Non-institutions	2,35,64,407	23.33
	Total (B)	**4,23,52,761**	**41.92**
C	**Non Promoter- Non Public Shareholder**		
	Employee Benefit Trust/ Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	3,70,180	0.37
	Total (C)	**3,70,180**	**0.37**
	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, 2025, 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 31stMarch, 2025, the company have 1,571 Branches spread across 22 states of the country.

ADDRESS FOR CORRESPONDENCE
Mr. Deepak Madaan
Company Secretary & Chief Compliance officer
Fusion Finance limited
(Formerly Fusion Micro Finance Limited)
Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001
Tel: 0124-6910500/6910600
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, 2025 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**
During the Financial Year ended March 31, 2025, 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 and NSE on the Company, during the last three years–

Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case
NSE and BSE (FY2024-25)	Rs. 74,340.00/- (inclusive of GST) and Rs. 33,040.00 (inclusive of GST)	Regulation 17(1): Non-compliance with the requirements pertaining to the composition of the Board. Regulation 18(1): Non-compliance with the composition of the audit committee. The non-compliance existed for 13 Days i.e. from September 22, 2024, till October 04, 2024, on account of completion of tenure of Mr. Pankaj Vaish on September 21, 2024, and appointment of Mr. Puneet Gupta w.e.f. October 05, 2024. The stock exchanges imposed penalty in 2 tranches i.e. Rs. 74,340.00/- (inclusive of GST) for the 9 days falling within the quarter ended September 30, 2024, and Rs. 33,040.00 (inclusive of GST) for the 4 days falling within the quarter ended December 31, 2024. The imposed penalty was paid by the Company in due course. Further, the required composition of Audit Committee and Board was duly complied w.e.f October 05, 2024, with appointment of Mr. Puneet Gupta as an Independent Director.

Bombay Stock Exchange (FY2022-23)	Rs. 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 (FY2022-23)	Rs. 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 (FY2022-23)	Rs. 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 (FY2022-23)	Rs. 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.

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 your Company serves as a guide for daily business interactions, reflecting your Company's standard for appropriate behavior and living Corporate Values. The Code of Conduct applies to all Fusion's People, including Directors, Officers, and all employees of the Company.

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

e. During the Financial Year 2024-25 , the total fee of INR 1,33,79,235 is paid to the Statutory Auditors of the Company for Statutory Audit, Tax Audit and other professional services. Additionally, in relation to the rights issue related services, the statutory auditor was paid an amount of Rs. 1,60,26,750.

f. During the financial year ended 31st March 2025, 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 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. The Annual Report of ICC Committee for the period commencing from January 01, 2024, till December 31, 2024, was submitted to the office of District Collector, Gurugram on February 21, 2025. The details pertaining to complaints received on matters pertaining to sexual harassment during the Financial Year 2024-25, are as below:

(a) number of complaints of sexual harassment received in the year: None

(b) number of complaints disposed off during the year: None

(b) number of complaints pending for more than ninety days: NA

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 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". Further, an email dated January 04, 2024 regarding Awareness about Online Resolution of Disputes in the Indian Securities Market through Online Dispute Resolution ('ODR') Portal was circulated to the shareholders through our Registrar and Share Transfer Agent i.e.MUFG Intime India Private Limited in compliance with SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023

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., except as provided in the secretarial auditor report, and details w.r.t. penalties has been disclosed in the report above.

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 2024-25.

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.

m. 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.

For and on behalf of the Board of Directors
of **Fusion Finance Limited**
(Formerly known as Fusion Micro Finance Limited)

Sd/-
Devesh Sachdev
(Managing Director)
DIN: 02547111

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

Place: Gurugram
Date: June 10, 2025

CEO Certification on Code of Conduct:
I, Sanjay Garyali, 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, 2025.

For and on behalf of the Board of Directors
of **Fusion Finance Limited**
(Formerly known as Fusion Micro Finance Limited)

Sd/-
Sanjay Garyali
CEO

Place: Gurugram
Date: June 10, 2025

CEO & CFO Certificate

The Board of Directors
Fusion Finance Limited
This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31st March 2025 and that to the best of our knowledge andbelief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might bemisleading.
   b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent or illegal or violate Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.
3. We have indicated to the Auditors and the Audit Committee:
   a. Significant changes in internal control over financial reporting during the year;
   b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Gaurav Maheshwari
CFO

Sd/-
Sanjay Garyali
CEO

Place: Gurugram
Date: May 23, 2025

CERTIFICATE ON CORPORATE GOVERNANCE

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

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 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, 2025** as per regulations 17 to 27, 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 review of procedure and implementation thereof, as 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 generally complied with the conditions of Corporate Governance as per regulations 17 to 27, 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 except as follows:

a. The Company has defaulted the provisions of Regulation 17 of the Listing Regulations, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, the number of independent directors fell below the one half of the total strength of Board and total strength of the Board was less than Six Directors. Subsequently, Mr. Puneet Gupta, was appointed as Independent Director on the Board of the Company w.e.f. October 5, 2024.

b. The Company has defaulted the provisions of Regulation 18 of the Listing Regulations, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Audit Committee, the number of the independent director members of the Audit Committee fell below the two/third of the strength of the audit Committee and minimum three directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Audit Committee w.e.f. October 5, 2024.

c. The Company has defaulted the provisions of Regulation 23 of Listing Regulations, as the Company has not taken the approval of Audit Committee for the payment of remuneration to Mr. Devesh Sachdev, Managing Director and promoter of the company.

d. The Company also defaulted the provisions of Regulations 17(6)(e) of the Listing Regulations as the remuneration paid to Mr. Devesh Sachdev, Managing Director exceeds the 5 crore or 2.5 per cent of net profits of listed entity, whichever is higher, and the remuneration of Mr. Devesh Sachdev was approved by way of an Ordinary Resolution.

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

Sd/-
Harish Kumar
Proprietor
FCS: 11918, COP: 22475
Place: Panipat
Date: May 23, 2025
UDIN:F011918G000415961

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 (CINL65100DL1994PLC061287) (Formerly known as Fusion Micro Finance Limited)**
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 2025** 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. PUNEET GUPTA	02728604	05/10/2024
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

*as per MCA portal

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

Sd/-
Harish Kumar
Proprietor
FCS: 11918, COP: 22475
Place: Panipat
Date: May 23, 2025
UDIN:F011918G000415970

ANNEXURE - 2

Form no. MR-3
Secretarial Audit Report

[For the Financial Year ended on 31st March 2025]

[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.

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, 2025**, generally 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 financial year ended on 31st March, 2025 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 - **Not applicable 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, the following industry specific laws, are applicable to the Company

The Reserve Bank of India Act, 1934, as amended form time to time,Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Directions, guidelines andcirculars issued by RBI for the Non-Banking Financial Companies.

During the period under review the Company is **generally regular** in compliance of the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.mentioned above except the following:

a. The Company has defaulted the provisions of Regulation 17 of the Listing Regulations, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, the number of independent directors fell below the one half of the total strength of Board and total strength of the Board was less than Six Directors. Subsequently, Mr. Puneet Gupta, was appointed as Independent Director on the Board of the Company w.e.f. October 5, 2024.

b. The Company has defaulted the provisions of Regulation 18 of the Listing Regulations, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Audit Committee, the number of the independent director members of the Audit Committee fell below the two/third of the strength of the audit Committee and minimum three directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Audit Committee w.e.f. October 5, 2024.

c. The Company has defaulted the provisions of Section 177 of the Companies Act, 2013 read with rules made thereunder,due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Audit Committee, the number of the independent director members of the Audit Committee were not in majority and number of the members of the Audit Committee fell below minimum three Directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Audit Committee w.e.f. October 5, 2024.

d. The Company has defaulted the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, due to expiry of the term of Mr. Pankaj Vaish, Independent Director w.e.f. September 21, 2024, who was also the member of the Corporate Social Responsibility Committee, the number of the members of the Corporate Social Responsibility Committee fell below minimum three Directors. Subsequently, Mr. Puneet Gupta, was appointed as member of the Corporate Social Responsibility Committee w.e.f. October 5, 2024.

e. The Company has defaulted the provisions of Regulation 23 of Listing Regulations, as the Company has not taken the approval of Audit Committee for the payment ofremuneration to Mr. Devesh Sachdev, Managing Director, and promoter of the company.

f. The remuneration paid to Mr. Devesh Sachdev, exceeded the limit specified provided under Section 197 of the Companies Act, 2013 read with Schedule V to the Act. Further, the Company has also defaulted the provisions of Regulations 17(6)(e) of the Listing Regulations as the remuneration paid to Mr. Devesh Sachdev, Managing Director, exceeds the 5 crore or 2.5 per cent of net profits of listed entity, whichever is higher, and the remuneration of Mr. Devesh Sachdev was approved by way of an Ordinary Resolution.

g. The Company has defaulted the provisions of Regulation 33 of the Listing Regulations, as the Company submitted the quarterly financial results for the quarter ended September 30, 2024 with a delay of one day as on November 15, 2024.

h. The Company has defaulted the provisions of Rule 9(6) of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

i. There were instances of minor delays in reporting under regulation 30 of the Listing Regulations, for intimations of events related to intimation of schedule of Investor meet/earning call/show cause notices received from GST authorities and regulation 32 of the Listing Regulations for submission of monitoring agency report for the quarter ended September 30, 2024.

j. The Company has defaulted the para 45.1.2 and 45.1.3, of Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, related to MSME business

We further report that there were instances of delayed submission of reports/returns to RBI and non-filing of form MGT-14 with Registrar of Companies.

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 other than those held at shorter notice 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.
3. All the decisions of the Board and Committees thereof were carried through with requisite majority.

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 redeemed Non-convertible debentures amounting to Rs. 56.67 crores.

We further report that during the period under review, the following resolutions, were passed by the shareholders:

Postal Ballot:

a. Approval for change in the name of the Company from "Fusion Micro Finance Limited" to "Fusion Finance Limited"

b. Approval for the commission to be paid to independent directors towards board meetings and committee meetings

Annual General Meeting

a. Adoption of the Audited Financial Statements for the financial year ended March 31, 2024 and report of the Board of Directors and Auditors thereon.

b. Re-appointment of Mr. Narendra Ostawal (DIN:06530414), who retires by rotation and being eligible, offers himself for re-appointment.

c. Approval for increasing 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 uptoRs. 17,500 Crores.

Extra-ordinary General Meeting

a. Approval for increase in authorised share capital of the Company and alteration of the Capital Clause of the Memorandum of Association of the Company

b. Approval for appointment of Mr. Puneet Gupta(DIN: 02728604), as Non-executive Independent Director of the Company.

We further report that the Board has approved the:

a. Right issue of equity shares upto Rs. 800 crores and filed letter of offer during the year under review.

b. Subject to the approval of the members of the Company, amendment to the Fusion Employee Stock Option Plan, 2023 ("ESOP 2023") to increase the quantum of options under ESOP 2023 from 10,00,000 (Ten Lakh) to 60,00,000 (Sixty Lakh) options and some other amendments.

For Harish Popli & Associates
Company Secretaries

Sd/-
Harish Kumar
Proprietor
FCS: 11918, COP: 22475
Place: Panipat
Date: May 23, 2025
UDIN:F011918G000415959

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 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

Sd/-
Harish Kumar
Proprietor
FCS: 11918, COP: 22475
Place: Panipat
Date: 23/05/2025
UDIN:F011918G000415959

ANNEXURE - 3

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW & OUTLOOK

The Indian economy has remained resilient during FY25 amidst ongoing global uncertainties including geopolitical uncertainties and trade tensions. As per the second advanced estimates of National Statistics Office (NSO), the real GDP is estimated to grow by 6.5% in FY 2024-25 while nominal GDP is expected to grow by 9.9% in FY 2024-25.

The country's relatively more stable growth is supported by private consumption, especially in rural areas, and strong macroeconomic fundamentals. According to NSO data, Private Final Consumption Expenditure (PFCE) is expected to register a growth of 7.6% in 2024-25 as compared to 5.6% during previous year (Source – NSO).Rural economy continued to be strong with rural demand remaining healthy. Rural areas have experienced a notable rise in consumer spending, with per capita expenditure growing by 9.2% in 2025, surpassing the 8.3% growth observed in urban regions.

India's economy is set to experience buoyancy owing to continued healthy private consumption and improved capital expenditure from the government. Along with these, factors such aspositive momentum in agricultural activity, and continued resilience in services sector among others will also contribute towards stable growth trajectory. However, uncertainties in global trade, strained geopolitical relationships, and volatile global financial conditions continue to cast a shadow.The Reserve Bank of India (RBI) in its April 2025 Monetary Policy Statement has projected the GDP growth to be 6.5% in FY 2025-26. International Monetary Fund (IMF) projects India to remain the fastest growing large economy in the world in 2026 as well with continued optimism from consumers and businesses regarding the economic outlook (Source - RBI).

INDIAN MICROFINANCE INDUSTRY

The Indian microfinance sector in FY25 navigated a period of consolidation amidst rising operational headwinds and regional disparities. While the sector experienced muted growth compared to previous years, it continued to serve as a critical driver of financial inclusion. Network expansion and targeted digital adoption helped maintain engagement across priority segments, particularly among rural and semi-urban populations.

The sector witnessed divergent growth patterns across regions. The states in the North, West, and South showed signs of recovery and moderate expansion, while East, Northeast, and Central India largely remained at previous year levels due to localized stress and borrower over-leverage. Regulatory refinements, particularly the Digital Lending Guidelines and data protection measures, have begun influencing lending models and risk frameworks across MFIs..

The year was marked by a sharp strategic pivot across the industry towards:

- Customer lifecycle management with focused retention efforts
- Deepening engagement with 'New to Credit' customers
- Deployment of bureau-linked credit filters and score-based underwriting

Despite a challenging year for portfolio quality—with the industry GNPA rising notably—there is optimism that the corrective measures underway, such as digitized collections, centralized underwriting, and agency model overhauls, will begin yielding results in FY26.

OPPORTUNITIES AND THREATS

A. Opportunities

- Geographic Focus: Continued expansion in underpenet rated states, particularly in southern and central belts
- Score-Based Lending: Deeper integration of bureau scores and alternate data for credit decisioning
- Product Innovation: Launch of customized offerings such as Fusion's UJALA product tailored for credit-disciplined customers
- Data-Driven Collections: Use of Propensity Models and flow-rate analytics for enhancing recovery in delinquent buckets
- Governance & Risk Practices: Stronger internal controls, field-level digitization, and real-time tracking frameworks

B. Threats

- Rural Economic Volatility: Persistent income shocks due to climate-linked events or agrarian distress
- Macroeconomic Pressures: Inflationary risks and interest rate cycles affecting borrower repayment behavior

- Sectoral Overlap: Increased customer overlap across lenders leading to higher indebtedness and credit stress
- Rising NPAs: Industry-wide GNPA deterioration poses risks to capital adequacy and provisioning norms

MICROFINANCE INDUSTRY-KEY TAKEAWAYS (AS OF CRIF HIGH MARK MICROLEND REPORT MAR 2025)

The microfinance Gross Loan Portfolio (GLP) stood at Rs 381.2K crore in Mar'25, declining 13.9% YoY and 2.6% QoQ as lenders recalibrated strategies to manage stress.

Softening in new originations is also evident, with active loans decreasing from 16.1 Cr in Mar'24 to 14.0 Cr in Mar'25.

The overall active customer count has seen a reduction, moving from 8.7 Cr to 8.3Cr over the same period, reflecting ongoing industry scenario. Disbursements rose 12.2% QoQ to Rs 71.5K Cr in Mar'25,

likely influenced by seasonal factors, though the 38.0% YoY decline reflects a continued focus on portfolio quality and discipline.

Loans between Rs 30k– Rs 50k declined by 6.7% QoQ, while those ≤Rs 30k contracted further by 8.0% QoQ, with steeper YoY reductions. The portfolio share of Rs 30k– Rs 50k loans also dropped by 5.5% YoY. Loans in the Rs 50k–Rs 80k range saw moderate QoQ declines but grew 3.6% in YoY share. Despite a small base, loans above Rs 80k—particularly those over Rs 1L—grew beyond industry trends, indicating a shift toward higher-ticket loans, likely among existing customers.

NBFC-MFIs drove the recovery in disbursements, posting a strong 28.5% QoQ growth, likely reflecting a lending shift or seasonal rebound (JFM quarter), though YoY decline remains steep at 36.3%. Banks recorded modest QoQ growth, but their YoY decline continues to highlight broader industry challenges. (SFBs) saw a 3.9% QoQ drop and a sharp 52.2% YoY contraction, underscoring persistent stress in the segment.

Loans ≤ Rs 30K and Rs 30K– Rs 50K saw moderate QoQ growth yet sharp YoY declines (-57.6% and -50.1%), indicating a shift away from smaller-ticket lending that traditionally supported the JLG model. Rs 50K– Rs 80K loans showed a sharper increase in overall share (YoY basis). Similarly, loans above Rs 1L grew posted the highest QoQ growth (+29.9%), despite a small base, reinforcing the trend toward higher-value lending.

Overall, 11.7% of borrowers had ≥3 active lender associations as of Mar'25, declining from 12.6% in Dec'24. States like Tamil Nadu and Karnataka saw declines in borrowers with multiple lender associations while states like West Bengal and Maharashtra recorded more modest declines (up to 4 lenders) compared to others. Overall, the industry-wide trend indicates consolidation, with a visible moderation in borrowers maintaining multiple credit relationships.

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 servicesto rural women. Thus, 100% of its client base comprises womenliving 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 ofits operations. In 2019, the company introduced MSME loans, focusing on 'missing middle' segment of the MSME sector.

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

OPERATIONAL PERFORMANCE

Fusion continued to strengthen its operational backbone in FY25 despite sectoral stress. The Company has its presence across 22 states, reaching a total of 1,571 branches as of March 2025, up from 1,297 a year ago. However, as part of a cautious growth approach, AUM stood at Rs 8,980 crore at the end of FY25 as compared to Rs 11,476 crore in FY24.

The total active clients were 32.1 lakh in FY25 as against 38.6 lakh in FY24. The decline was influenced by tighter underwriting norms (e.g., Fusion+2 cap), guardrails for overleveraged customers, and a deliberate scale-down of disbursements in high-risk geographies. Despite this, the launch of a new credit-disciplined customer product and a 32% share in digital collections showcased operational maturity and adaptability.

FINANCIAL PERFORMANCE

(₹ in crore unless otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations		
Interest income	2,134.22	2,091.90
Fees and commission income	15.14	41.67
Net gain on fair value changes	81.26	52.86
Net gain on derecognition of financial instruments under amortised cost category	89.14	130.30
Total revenue from operations	**2,319.76**	**2,316.73**
Other income	49.13	95.69
Total income	**2,368.89**	**2,412.42**
Expenses		
Finance costs	843.85	790.83
Impairment on financial instruments	1,869.49	364.86
Employee benefits expenses	573.24	431.22
Depreciation and amortization	11.67	9.01
Other expenses	203.65	153.24
Total expenses	**3,501.90**	**1,749.16**
Profit/(loss) before tax for the year	**(1,133.01)**	**663.26**
Tax expense :		
Current tax	-	172.30
Deferred tax	91.53	(14.33)
Profit/(loss) for the year	**(1,224.54)**	**505.29**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gains on defined benefit plans	1.28	1.64
Income tax effect on above	-	(0.41)
Total other comprehensive income for the year	**1.28**	**1.23**
Total comprehensive income/(loss) for the year	**(1,223.26)**	**506.52**

Total income decreased slightly by about 1.80% YoY and stood at Rs 2,369 crore while Net Interest Income reduced by about 0.82% YoY and stood at Rs 1,285 crore in FY25. Net Interest Margin was at 10.21% for FY25 vs 11.22% in FY24. Gross NPA increased to 7.92% in FY25 from 2.89% in FY24. However, with stringent measures implemented during the fiscal year, Gross NPA came down in Q4FY25 from the peak of 12.58% in Q3FY25. Loss After Tax for FY25 stood at Rs 1,224.54 crore. Pre-provision Operating Profit stood at Rs 736.48 crore during the year.

OUTLOOK 2025-26

Looking ahead to FY26, the sector is expected to recalibrate towards profitable and responsible growth, with a strong focus on portfolio quality, customer selection, and digital governance frameworks. Fusion's roadmap is aligned with these priorities and includes:

- Strengthening customer segmentation via behavior-based products and targeted underwriting
- Expanding the UJALA product line, which caters to high-discipline borrower cohorts
- Scaling digital channels for collections and servicing, targeting 40%+ digital share
- Continuing process quality rollout across 500 branches and deepening real-time field data support
- Stabilizing the GNPA trajectory through deeper integration of Propensity Scoring, agency performance tracking, and AM-led branch turnaround plans

As the rural economy continues to be a critical pillar of India's growth narrative, the microfinance sector—especially institutions like Fusion—will play a pivotal role in empowering women entrepreneurs, driving self-employment, and deepening the reach of formal credit.

INTERNAL CONTROL AND ITS ADEQUACY

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

Fusion has internal control systems in place that enables it to monitor performance, strategy, operations, business environment, procedures, funding, risk and internal control.

Internal Audit in the Company is focused on independently reviewing the processes and controls 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.

RISKS 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 continue to be our greatest strength and the cornerstone of our long-term strategy. As the industry continues to evolve, so too has the role of Human Resources—shifting from a traditional recruitment function to a critical enabler of engagement, capability development, and workforce retention.

We are steadfast in our commitment to cultivating a value-driven culture anchored in Responsibility, Respect, Transparency, Governance, Collaboration, and Customer Focus. In FY 2024–25, our HR initiatives were directed at empowering employees through robust frameworks, targeted resources, and structured support systems designed to unlock potential across diverse roles and geographies.

Our employee engagement strategy was strengthened through more frequent and meaningful touchpoints, feedback loops, and focused interventions that promote both professional development and personal well-being. We enhanced our talent management practices to prioritize career progression, holistic wellness, and timely recognition, while embedding agility and consistency across the employee lifecycle. In alignment with our evolving business landscape, we accelerated the use of technology and data-driven insights to enhance HR processes and reinforce operational alignment.

Looking ahead, we will continue to invest in our people, ensuring they have the capabilities, culture, and clarity needed to drive sustainable growth and long-term value creation.

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.

Financial Ratios for FY2024-25 as compared with FY2023-24

Particulars	FY 2024-25	FY 2023-24	Reason for Significant Change i.e. more than 25%
(i) Debtors Turnover	NA	NA	-
(ii) Inventory Turnover	NA	NA	-
(iii) Interest Coverage Ratio	-0.34	1.84	Reduction in Interest Coverage Ratio due to loss during the current year which results to negative EBIT
(iv) Current Ratio	1.23	1.40	
(v) Debt Equity Ratio	3.90	3.03	Increase in Debt Equity Ratio due to loss during the current year which results to decrease in Total Equity
(vi) Operating Profit Margin (%)	29.63%	40.25%	Reduction in Operating Profit Margin primarly due to increase in operating expenses and finance costs
(vii) Net Profit Margin (%)	-51.69%	20.95%	Reduction in Net Profit Margin due to increase in impairment on loan portfolio (provision) resulting in loss for the year.
Other			-
a) Capital to risk weighted assets ratio (CRAR)	22.42%	27.53%	-
(b) Tier I CRAR	20.89%	26.60%	-
(c) Tier II CRAR	1.53%	0.93%	Increase of Tier-II Capital due to increase in impairment on Stage I
(d) Liquidity Coverage Ratio	206.09%	297.38%	Decrease in HQLA due to use of cash to make scheduled repayments of indebtedness
Return on Net Worth	-54.53%	19.55%	Reduction in Return on Net Worth due to increase in impairment on loan portfolio (provision) resulting in loss for the year.

ANNEXURE - 4

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) 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 (the "Act") Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules") 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

Further, the name of the "CSR Committee" was changed to "CSR & ESG Committee" for broadening its responsibilities to include identifying and monitoring material ESG risks and opportunities and developing strategic ESG action plans and key performance indicators. The same was approved by the Board in its meeting held on May 23, 2025.

2. **Composition of CSR & ESG Committee as on March 31, 2025:**

Sl. No.	Name of Director#	Designation / Nature of Directorship	Number of meetings of CSR & ESG Committee held during the year	Number of meetings of CSR & ESG Committee attended during the year
i.	Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	5	5
ii.	Mr. Devesh Sachdev (Member)	Managing Director	5	5
iii.	*Mr. Pankaj Vaish (Member)	Independent Director	3	3
iv.	**Mr. Puneet Gupta (Member)	Independent Director	2	2

*Mr. Pankaj Vaish Completed his tenure as Independent Director of Company on September 21, 2024 and therefore ceased to be the member of CSR committee with effect from September 21, 2024.

**Mr. Puneet Gupta joined as Independent Director of Company on October 05, 2024 and was appointed as member of the CSR committee with effect from October 05, 2024.

3. **Provide 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 & ESG Committee: https://fusionfin.com/composition-of-committee/

   CSR Policy: https://fusionfin.com/wp-content/uploads/2024/08/CSR-policy.pdf

   CSR Programs/Projects: https://fusionfin.com/csr/

4. **Provide 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 of CSR Rules, 2014, if applicable: Not Applicable**

   (a) Average net profit of the company as per section 135(5): **Rs. 3,80,34,37,641**

   (b) Two percent of average net profit of the company as per section 135(5) of the Act: **Rs.7,60,68,753**

   (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: **Rs 55,38,707 ***

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs.7,05,30,046**

*Note: The total amount for set off Rs 55,38,707 belongs to excess spent during the financial year 2022-23.

5(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Rs. 7,04,90,117.93**

(b) Amount spent in Administrative Overheads: **Rs. 55,157.88**

(c) Amount spent on Impact Assessment, if applicable: **Nil**

(d)Total Amount spent for the financial Year [(a)+(b)+(c)]: **Rs.7,05,45,275.81**

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	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
Rs. 7,05,45,275.81	Nil		NA		

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

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	**Rs 7,60,68,753**** (Set-off amount of Rs 55,38,707 for the FY 2022-23 deducted from the Obligated Amount, Hence CSR Obligation for the FY 2024-25 Rs. 7,05,30,046
(ii)	Total amount spent for the Financial Year	**Rs.7,05,45,275.81**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**Rs. 15,229.81**
(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)]	**Rs. 15,229.81*****

***Note: Amount Rs 15,229.81 will not be set off in succeeding financial years

6. Details of Unspent CSR amount for the preceding three financial years: **NA**

Sl. No.	Preceding Financial Year(s)	Balance Amount in Unspent CSR Account under 135(6) (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to a fund as specified under Schedule VII as per second proviso to 135(5), if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, If any
				Amount (in Rs)	Date of transfer		
NA							

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

   If Yes, enter the number of capital assets created/ acquired: **NA**

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **NA**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/beneficiary of the registered owner
(1)	(2)	(3)	(4)	(5)	(6)
NA					

(All the fields should be captured as appearing in the revenue record, flat no, House no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

8. 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: **NA**

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

Place: Gurugram
Dated: June 10, 2025

Sd/-
Devesh Sachdev
Managing Director
DIN: 02547111

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

ANNEXURE - 5

STATEMENT OF INFORMATION 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: 99.5/ 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: Mr. Devesh Sachdev, Managing Director: 11% Mr. Gaurav Maheshwari, Chief Financial Officer: 22% Mr. Deepak Madaan, Company Secretary & Chief Compliance Officer: 20% Mr. Sanjay Garyali, Chief Executive Officer: N.A
(iii)	the percentage increase in the median remuneration of employees in the financial year;	9.91% (for the financial year 24 – 25)
(iv)	the number of permanent employees on the rolls of company as on March 2025;	15274
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was 9.91% and the average increase in the managerial remuneration (CEO, CFO & CS) was 17.67%. The higher increase in managerial remuneration is due to the critical strategic roles played by them, which directly influence the company's performance, compliance, and long-term value creation. Their pay structures often include variable components and adjustments are made to align with market benchmarks and retain top executive talent.
(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 (Amount in Rs.)	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	MBA	6,31,78,246	Full time employment	01-Jan-10	52	28	BSA Logistics	No
Sanjay Mahajan	Chief Information Officer	MCA	1,73,38,768	Full time employment	22-Apr-23	56	33	SAS Commercial Studio	No
Sanjay Garyali	Chief Executive Officer	MBA	1,60,72,464	Full time employment	17-Mar-25	54	28	L&T Finance	No
Gaurav Maheshwari	Chief Financial Officer	CA, MBF	1,39,59,986	Full time employment	03-Feb-16	46	21	Avantha Group	No
Kamal Kumar Kaushik	Chief Operating Officer - MSME	CA	1,39,84,713	Full time employment	22-Jul-19	52	25	Religare Housing Development Finance	No
Ankush Ahluwalia	Chief Business Officer	MBE	1,20,87,069	Full time employment	03-Aug-15	46	22	Magma Fincorp Ltd.	No
Sanjay Vishwanath Choudhary	Chief Risk Officer	CA	92,82,213	Full time employment	02-Sep-20	49	26	Satin Credit Care	No
Pooja Mehta	Chief Human Resource Officer	PGDPM & IR, HR	85,64,548	Full time employment	16-Sep-22	49	22	Consulting	No
Deepak Madaan	Company Secretary & Chief Compliance Officer	CS	81,91,312	Full time employment	01-Jun-13	38	17	Almondz	No
Tarun Mehndiratta (Date of Cessation: December 16, 2024)	Head – Customer Loyalty Program and New Initiatives	MBA	1,12,91,398	Full time employment	19-Jun-17	55	33	SBI Cards	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:

Employee Name	Designation	Qualification	Remuneration Received (Amount in Rs.)	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	MBA	6,31,78,246	Full time employment	01-Jan-10	52	28	BSA Logistics	No
Sanjay Mahajan	Chief Information Officer	MCA	1,73,38,768	Full time employment	22-Apr-23	56	33	SAS Commercial Studio	No
Gaurav Maheshwari	Chief Financial Officer	CA, MBF	1,39,59,986	Full time employment	03-Feb-16	46	21	Avantha Group	No
Kamal Kumar Kaushik	Chief Operating Officer - MSME	CA	1,39,84,713	Full time employment	22-Jul-19	52	25	Religare Housing Development Finance	No
Ankush Ahluwalia	Chief Business Officer	MBE	1,20,87,069	Full time employment	03-Aug-15	46	22	Magma Fincorp Ltd.	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:

Employee Name	Designation	Qualification	Remuneration Received (Amount in Rs.)	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/ manager
Sanjay Garyali	Chief Executive Officer	MBA	1,60,72,464	Full time employment	17-Mar-25	54	28	L&T Finance	No
Sunil Mundra	Chief Operating Officer – MFI	B.Sc.	79,89,181	Full time employment	16-Sep-24	46	24	RBL Bank Ltd.	No
Tarun Mehndiratta (Date of Cessation: December 16, 2024)	Head – Customer Loyalty Program and New Initiatives	MBA	1,12,91,398	Full time employment	19-Jun-17	55	33	SBI Cards	No

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
of Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)

	Sd/-	**Sd/-**
	Devesh Sachdev	**Ratna Dharashree Vishwanathan**
Place: Gurugram	Managing Director	Director
Dated: June 10, 2025	DIN: 02547111	DIN: 07278291

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To The Members of Fusion Finance Limited

(Formerly Fusion Micro Finance Limited)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Fusion Finance Limited (Formerly Fusion Micro Finance Limited) (the "Company"), which comprise the Balance Sheet as at 31st March 2025, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, 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 31st March 2025, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As stated in Note 60 to the financial statements, the Company has not evaluated whether any of the expected credit allowances recognised in the year ended March 31, 2025 should be retrospectively adjusted to the previously reported amounts in the prior year presented because of impracticability as described in Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. In the absence of sufficient and appropriate evidence, we are unable to comment on the Company's basis of impracticability to evaluate and determine whether any retrospective adjustment should have been made to previously reported amounts in the prior year presented.

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) 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 is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Material uncertainty related to Going Concern

We draw attention to Note 61 to the financial statements which describes the material uncertainty in relation to the going concern assumption used in the preparation of the financial statements. This condition and other matters stated in the Note indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**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 included the following: 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, among 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 Internal 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. · Evaluated that the Company's ECL allowance is derived in accordance with Ind AS 109 · Assessed the accuracy of disclosures made in relation to the ECL allowance in accordance with Ind AS 107 (See also our comments in 'Basis of Qualified opinion' paragraph above and in our report on Internal Financial Controls)

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 Management Discussion and Analysis and Board's Report including Annexures to Board Report 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 Board of Directors 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 are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is 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, based on our audit, we report that:

   a) We have sought and except for the matter described in sub-paragraph (b) of the Basis for Qualified Opinion section above, 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, except for the possible effects of the matter(s) described in the Basis for Qualified Opinion section above, proper books of account as required by law have been kept by the Company.

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

   d) Except for the possible effects of the matter(s) described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) The matter(s) described in the Basis for Qualified Opinion section above and Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors as on 31st March, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) The qualification relating to the maintenance of accounts and other matters connected therewith, is as stated in the Basis for Qualified Opinion section and in paragraph (b) above.

   h) 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 qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements for the reasons stated therein.

   i) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its director during the year is in excess of the limits laid down under section 197 of the Act. The remuneration paid of Rs. 6.32 crore is in excess of the limit laid down under this section.

   j) 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 51(a) to the financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 51(e) to the financial statements;

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

      iv. (a) The Management has represented that, to the best of its knowledge and belief and as disclosed in the note 57 (a) 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 and as disclosed in the note 57 (b) 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 three accounting software for maintaining its books of account for the financial year ended 31st March 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. The audit trail has been preserved by the Company as per the statutory requirements for record retention in respect of one software.

      Additionally, audit trail feature for two accounting software was not maintained for the year ended March 31, 2024, hence 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 in respect of those software.

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. 087104)
(UDIN: 25087104BMJGWA9458)

Place: Gurugram
Date: May 23, 2025

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 the 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 Finance Limited (Formerly Fusion Micro Finance Limited) ("the Company") as at March 31, 2025 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 the 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 the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls over financial reporting with reference to the financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 the financial statements

Because of the inherent limitations of internal financial controls with reference to the 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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls with reference to the financial statements as at March 31, 2025.

The Company has concluded that it was impracticable to evaluate and determine any amounts for retrospective recognition and measurement in those prior periods on account of expected credit loss allowance as explained in note 60 of the financial statements of the Company. As a result, we are unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2025.

Because of the deficiency in financial closing and reporting process, in respect of information as aforesaid, we are unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to the financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2025, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2025, and the material weakness does not affect our opinion on the financial statements of the Company.

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

Jitendra Agarwal
(Partner)
(Membership No. 087104)
(UDIN: 25087104BMJGWA9458)

Place: Gurugram
Date: May 23, 2025

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.

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 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 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) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment 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, 2025 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, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting on the quarterly returns or statements 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, securities given and the terms and conditions of the grant of all loans and advances in the nature of loans during the year are, in our opinion, 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, 2025, aggregating Rs. 645.72 crores were categorised as credit impaired ("Stage 3") and Rs. 256.22 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 Rs. 7,246.14 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 Rs. 11.13 crores are 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 Rs. 645.72 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) According to information and explanation given to us, the Company has not granted any loans, made investments, or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company being Non-Banking Finance Company registered with 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) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax and other material statutory dues applicable to the Company have 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 and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2025 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Forum where Dispute is pending	Period to which the amount relates. (Financial year)	Amount (Rs. in crore)*	Amount (Rs. in crore)*
Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	2019-20	16.62	13.30
Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	2020-21	11.18	8.94
Goods & Service Tax Act	Goods & Service tax	Additional Commissioner Gr.2 (Appeal) Varanasi	2017-18	0.02	0.01
Goods & Service Tax Act	Goods & Service tax	Delhi GST State authority (Sales Tax Officer-Class II/ AVATO)	2019-20	0.05	0.05
Goods & Service Tax Act	Goods & Service tax	Delhi GST State authority (GSTO)	2023-24	0.01	0.01
Goods & Service Tax Act	Goods & Service tax	UP GST State authority	2023-24	0.01	0.01

- the amount is rounded off upto two decimal

(viii) 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, 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 moneys 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.

(xi)(a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit, except for cases as identified by the management relating to cash embezzlement by employees amounting to Rs. 3.85 Crores.

(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 internal audit system, whereby its scope and coverage need to be increased to make it to 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, 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 without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934.
- the Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.

(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) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, 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, we are of the opinion that material uncertainty exists as on the date of the audit report that Company may not be 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. (Refer 'Material uncertainty related to going concern' provided in the main audit report).

(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. 087104)
(UDIN: 25087104BMJGWA9458)

Place: Gurugram
Date: May 23, 2025

Balance Sheet as at March 31, 2025

(₹ in Crores)

Particulars	Note No.	As at 31st March, 2025	As at 31st March, 2024
Assets			
Financial assets			
Cash and cash equivalents	3	783.05	1,474.69
Bank balance other than cash and cash equivalents	4	70.00	78.50
Trade receivables	5	3.70	13.85
Loans	6	7,261.15	9,947.87
Investments	7	2.07	2.06
Other financial assets	8	59.04	99.41
Total financial assets		**8,179.01**	**11,616.38**
Non-financial Assets			
Current tax assets (net)	9	33.61	3.25
Deferred tax assets (net)	10	-	91.67
Property, plant and equipment	11	15.44	22.44
Rigaht of use asset	12	9.11	8.46
Intangible assets	13	2.89	0.54
Intangible assets under development	13	2.38	2.18
Other non-financial assets	14	50.23	29.40
Total non-financial assets		**113.66**	**157.94**
Total assets		**8,292.67**	**11,774.32**
Liabilities & Equity			
Financial liabilities			
Derivative financial instrument	15	0.17	0.01
Trade payables	16		
total outstanding dues of micro enterprises and small enterprises		1.85	1.84
total outstanding dues of creditors other than micro enterprises and small enterprises		74.74	65.89
Debt securities	17	145.00	201.59
Borrowings (other than debt securities)	18	6,203.24	8,360.92
Subordinated liabilities	19	53.78	53.39
Other financial liabilities	20	126.18	176.39
Total financial liabilities		**6,604.96**	**8,860.03**
Non-financial liabilities			
Current tax liabilities (net)	21	-	-
Provisions	22	16.00	10.54
Other non-financial liabilities	23	28.38	55.60
Total non-financial liabilities		**44.38**	**66.14**
Total liabilities		**6,649.34**	**8,926.17**
Equity			
Equity share capital	25	100.65	100.62
Other equity	26	1,542.68	2,747.53
Total equity		**1,643.33**	**2,848.15**
Total liabilities and equity		**8,292.67**	**11,774.32**

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

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

Devesh Sachdev
Managing Director
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Sanjay Garyali
Chief Executive Officer

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

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

Place: Gurugram
Date: May 23, 2025

Place: Gurugram
Date: May 23, 2025

Statement of profit and loss for the year ended March 31, 2025

(₹ in Crores)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations			
Interest income	27	2,134.22	2,091.90
Fees and commission income	28	15.14	41.67
Net gain on fair value changes	29	81.26	52.86
Net gain on derecognition of financial instruments under amortised cost category	30	89.14	130.30
Total revenue from operations		**2,319.76**	**2,316.73**
Other income	31	49.13	95.69
Total income		**2,368.89**	**2,412.42**
Expenses			
Finance costs	32	843.85	790.83
Impairment on financial instruments	33	1,869.49	364.86
Employee benefits expenses	34	573.24	431.22
Depreciation and amortization	11-13	11.67	9.01
Other expenses	35	203.65	153.24
Total expenses		**3,501.90**	**1,749.16**
Profit/(loss) before tax for the year		**(1,133.01)**	**663.26**
Tax expense :			
Current tax	36	-	172.30
Deferred tax	36	91.53	(14.33)
Profit/(loss) for the year		**(1,224.54)**	**505.29**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on defined benefit plans		1.28	1.64
Income tax effect on above		-	(0.41)
Total other comprehensive income for the year		**1.28**	**1.23**
Total comprehensive income/(loss) for the year		**(1,223.26)**	**506.52**
Earnings per equity share (equity share par value of ₹ 10 each)			
Basic (₹)	37	(111.41)	46.06
Diluted (₹)	37	(111.41)	45.89

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

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

Devesh Sachdev
Managing Director
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Sanjay Garyali
Chief Executive Officer

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

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

Place: Gurugram
Date: May 23, 2025

Place: Gurugram
Date: May 23, 2025

Statement of Cash flows for the year ended March 31, 2025

(₹ in Crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
I. Cash flow from operating activities		
Profit/(loss) before tax	**(1,133.01)**	**663.26**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	11.67	9.01
(Gain)/ Loss on sale of property, plant & equipment	1.40	0.02
Impairment of financial instruments-Loans	1,864.91	361.08
Unrealised (gain)/ loss on fair value changes	(0.07)	(0.06)
Impairment of financial instruments-other financial assets	4.58	3.78
Finance cost on lease liability	1.23	0.99
Net gain on sale of investment	(81.19)	(52.80)
Net gain on derecognition of financial instruments under amortised cost category	(89.14)	(130.30)
Employee share based compensation	12.89	13.11
Effective interest rate adjustment for financial instruments	(0.63)	(1.94)
Net foreign exchange differences	3.75	0.83
Fair value loss on derivative financial instruments	0.16	0.14
Operating cash flow before working capital changes	**596.55**	**867.12**
Movement in working capital:		
(Increase)/decrease in loans	821.81	(2,267.39)
(Increase)/decrease in trade receivables	10.15	0.56
(Increase)/decrease in other financial assets	124.93	123.15
(Increase)/decrease in other non- financial assets	(20.83)	(20.35)
(Increase)/decrease in bank balance other than cash and cash equivalents	8.50	36.17
Increase/(decrease) in trade payables	8.86	(3.90)
Increase/(decrease) in other financial liability	(51.24)	18.38
Increase/(decrease) in provisions	6.74	1.28
Increase/(decrease) in other non-financial liabilities	(27.22)	32.54
Cash flow from / (used in) operations	**1,478.25**	**(1,212.44)**
Income tax paid	(30.37)	(137.90)
Net cash flow from / (used in) operating activities (A)	**1,447.88**	**(1,350.34)**

Statement of Cash flows for the year ended March 31, 2025

(₹ in Crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
II. Cash flow from investing activities		
Purchase of property, plant and equipments	(6.64)	(16.39)
Proceeds from sale of property, plant and equipment	3.65	0.01
Purchase of intangible assets	0.00	(0.65)
Payment against intangible assets under development	(3.86)	(2.18)
Payment against right of use assets	-	(0.11)
Purchase of investments	(12,289.73)	(12,752.00)
Proceeds from sale of investments	12,370.98	12,802.80
Net cash flow from investing activities (B)	**74.40**	**31.48**
III. Cash flow from financing activities		
Proceeds from issue of employee stock options	0.97	6.60
Share premium (net of expenses)	4.72	-
Repayment of debt securities	(56.67)	(427.46)
Repayment of borrowings (other than debt securities)	(6,190.46)	(4,847.13)
Proceeds from borrowings (other than debt securities)	4,030.13	7,173.19
Repayment of subordinated debt	-	(59.99)
Payment of lease liability	(2.61)	(2.02)
Net cash flow from / (used in) financing activities (C)	**(2,213.92)**	**1,843.19**
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**(691.64)**	**524.33**
Cash and cash equivalents at the beginning of the year	1,474.69	950.36
Cash and cash equivalents at the end of the year	**783.05**	**1,474.69**

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, 2025 and March 31, 2024, refer note 3.

Cash flow from operating activities includes interest received of ₹ 2,195.25 crore (31 March 2024: ₹ 2,069.66 crore) and interest paid of ₹ 808.14 crore (31 March 2024: ₹ 767.24 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 23, 2025

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

Devesh Sachdev
Managing Director
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Sanjay Garyali
Chief Executive Officer

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

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

Place: Gurugram
Date: May 23, 2025

Statement of Changes in equity for the year ended March 31, 2025

(₹ in Crores)

A Equity share capital

Particulars	As at April 1, 2024	Changes during the year 2024-25	As at March 31, 2025	As at April 1, 2023	Changes during the year 2023-24	As at March 31, 2024
Equity share capital (fully paid up)	101.02	-	101.02	100.63	0.39	101.02
Less: Treasury shares*	(0.40)	0.03	(0.37)	(0.28)	(0.12)	(0.40)
	100.62	**0.03**	**100.65**	**100.35**	**0.27**	100.62

* 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, 2024	**223.87**	**(11.65)**	**1,657.91**	**18.54**	**856.44**	**2.42**	**2,747.53**
Profit/(loss) for the year	-	-	-	-	(1,224.54)	-	(1,224.54)
Other comprehensive income for the year	-	-	-	-	-	1.28	1.28
Issue of equity shares	-	-	-	-	-	-	-
Transfer to / from retained earnings	-	-	-	-	-	-	-
Reversal of Share issue expenses	-	-	4.58	-	-	-	4.58
Share based compensation	-	-	-	12.89	-	-	12.89
Exercise of stock options	-	0.83	0.48	(0.37)	-	-	0.94
Lapse of stock options	-	-	-	(0.82)	0.82	-	-
Issue of equity shares to trust	-	-	-	-	-	-	-
Balance as at March 31, 2025	**223.87**	**(10.82)**	**1,662.97**	**30.24**	**(367.28)**	**3.70**	**1,542.68**

Statement of Changes in equity for the year ended March 31, 2025

(₹ in Crores)

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 stock options	-	3.95	4.77	(2.39)	-		6.33
Lapse of stock 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**

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

Jitendra Agarwal
Partner
Membership Number : 087104

Place: Gurugram
Date: May 23, 2025

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

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Managing Director
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Company Secretary and Chief Compliance Officer
M. No. A24811

Place: Gurugram
Date: May 23, 2025

Notes to the Financial Statements for the year ended March 31, 2025

1. Corporate information

Fusion Finance Limited ('the Company'), was originally incorporated as 'Ambience Fin cap 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 name of the Company was further changed to "Fusion Finance Limited" with effect from July 09, 2024 and a fresh certificate was issued by Registrar of Companies, post which RBI also issued a fresh certificate dated August 30, 2024. 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 lend to MSME enterprises.

The Company uses its distribution channel to provide other financial products and services to the members primarily related 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, 2025 are approved by the Board of directors in their meeting held on May 23, 2025.

1A. Basis of Preparation of financial statements

The financial statements of the Company as at and for the year ended March 31, 2025, 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 (INR) 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. Material 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:

Notes to the Financial Statements for the year ended March 31, 2025

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.

2.1.1.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, debt instrument measured at FVTOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial assets.

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

2.1.2 Dividend income

Dividend income is recognized when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.1.3 Net gain on derecognition of financial instruments under amortized cost category

Where derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. Income from assignment transactions i.e. present value of excess interest spread is recognized. Refer Note 2.5 for policy on derecognition of financial assets and liability.

2.1.4 Net Gain/Loss on fair value changes

The Company recognizes the fair value on investment in mutual funds measured at FVTPL in the Statement of profit and loss in accordance with Ind AS 109.

2.1.5 Interest Expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

2.1.6 Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

a) Facilitation fees income is earned on distribution of services and products of other entities under distribution arrangements. The income

Notes to the Financial Statements for the year ended March 31, 2025

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.

2.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit or loss (FVTPL), transaction costs are added to, subtracted from, this amount. Trade receivables are measured at the transaction price.

2.2.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

a) Amortized cost, as explained in Note 2.3.1

b) FVTPL as explained in Notes 2.3.4

c) FVTOCI

The Company classifies and measures its trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, are measured at FVTPL when they are derivative instruments or the fair value designation is applied, as explained in Note 2.3.4

2.3 Financial assets and liabilities

2.3.1 Loans, trade receivables, financial investments and other financial assets at amortized cost

The Company measures loans, trade receivables and other financial investments and assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.3.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The information considered includes:

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Company's 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 while assessing newly originated or newly purchased financial assets going forward.

2.3.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (the 'SPPI test').

For the purposes of this test, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

'Interest' within a lending arrangement are typically the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

2.3.2 Derivative financial instruments at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

Notes to the Financial Statements for the year ended March 31, 2025

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.

Notes to the Financial Statements for the year ended March 31, 2025

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 current and previous financial year.

2.5 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of profit and loss.

2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').

2.7 Impairment of Financial Assets

2.7.1 Overview of principles for measuring expected credit loss ('ECL') on financial assets.

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 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 and less than 90 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days and less than 90 days at each reporting date under this Stage. The Company records an allowance for the LTECLs

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 and discounting factor. The discounting factor is computed using the effective interest rate (EIR) of the portfolio.

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 Marginal PDs and LGDs are estimated over the lifetime of the instrument. The marginal PD is used in case cash flows/ repayment schedule is available, else cumulative PD is used.

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 Real GDP, agriculture, consumer prices, domestic demand, etc. 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

Notes to the Financial Statements for the year ended March 31, 2025

if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- **Level 2 financial instruments -** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly 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 levels at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.9 Foreign Currency transactions

2.9.1 Functional and presentation currency

The Financial statements are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.9.2 Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date.

All exchange differences arising from foreign currency borrowings to the extent not capitalized are regarded as a cost of borrowing and presented under Finance cost.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

2.10 Leasing

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

  The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

  If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

  The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.7.5 Impairment of non-financial assets.

- **Lease Liabilities**

  At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

  In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

2.11 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.12 Property, Plant and Equipment (PPE)

Property, plant and equipment isstated at cost, 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.

Notes to the Financial Statements for the year ended March 31, 2025

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.

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 - 3-5 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.

Notes to the Financial Statements for the year ended March 31, 2025

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.

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

Notes to the Financial Statements for the year ended March 31, 2025

Notes to the Financial Statements for the year ended March 31, 2025

(assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.14.5 Other long-term employee benefits

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the Statement of profit and loss.

2.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The expense relating to any provision is presented in the Statement of profit and loss net of any reimbursement.

2.16 Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.

2.17 Taxes

2.17.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.17.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates (and tax laws)that have enacted or substantively enacted at the reporting date

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance sheet.

2.18 Earning per share

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

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.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

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

Notes to the Financial Statements for the year ended March 31, 2025

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 Critical 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 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. The MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2025 to amend the Companies (Indian Accounting Standards) Rules, 2015, as below:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates :This amendment is introduced to provide enhanced guidance on assessing currency exchangeability and estimating exchange rates when currencies are non-exchangeable to align with international accounting standards. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2025. The Company has evaluated the amendment and there is no impact on its financial statements.

Further, for the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the same and based on its evaluation has determined that it does not have any significant impact on the Ind AS financial statements.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

3 Cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Cash on hand	16.85	5.28
Balance with banks		
- on current accounts	721.07	1,344.32
- deposits with original maturity of less than or equal to 3 months*	45.13	125.09
Total	**783.05**	**1,474.69**

* 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, 2025	As at March 31, 2024
Deposits with remaining maturity of less than or equal to 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	32.54	41.81
- lien Free Deposits	15.31	-
Deposits with remaining maturity of more than 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	22.15	36.69
- lien Free Deposits	-	-
Total	**70.00**	**78.50**

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, 2025	As at March 31, 2024
Unsecured considered good	3.70	13.85
Less : Impairment loss allowance	-	-
Total	**3.70**	**13.85**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Trade receivables ageing schedule as on March 31, 2025

Particulars	Outstanding for following year from due date of payment*					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	3.66	0.01	0.01	0.02	-	3.70
(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	-	-	-	-	-	-
	3.66	**0.01**	**0.01**	**0.02**	**-**	**3.70**

Trade receivables ageing schedule as on March 31, 2024

Particulars	Outstanding for following year from due date of payment*					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(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**

*In case of no due date of payment disclosure has been given based on the date of the transaction.

Note:

1. No trade or other receivable are due from directors and other officers of the Company or any of them either severally or jointly with any other person. Nor any trade or other receivable are due from firms including limited liability partnerships (LLPs) or private companies respectively in which any director is a partner, a director or a member.
2. Trade receivable are non-interest bearing and short term in nature, hence does not involve any significant credit risk.
3. Unbilled revenue of ₹ 0.02 crore (March 31, 2024: ₹ 0.03 crore) is included in trade receivables.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

6 Loans (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Term Loans:		
Joint liability loans	7,491.55	9,782.50
MSME loans	650.14	519.91
Others	6.39	-
Total - Gross	**8,148.08**	**10,302.41**
Less: Impairment loss allowance	(886.93)	(354.54)
Total - Net	**7,261.15**	**9,947.87**
(a) Secured by tangible assets	577.12	347.00
(b) Unsecured	7,570.96	9,955.41
Total - Gross	**8,148.08**	**10,302.41**
Less: Impairment loss allowance	(886.93)	(354.54)
(a) Public sector	-	-
(b) Others	8,148.08	10,302.41
Total - Gross	**8,148.08**	**10,302.41**
Less: Impairment loss allowance	(886.93)	(354.54)
Total - Net	**7,261.15**	**9,947.87**
Above amount include		
(a) Loans provided in India	8,148.08	10,302.41
(b) Loans provided outside India	-	-
Total - Gross	**8,148.08**	**10,302.41**
Less: Impairment loss allowance	(886.93)	(354.54)
Total - Net	**7,261.15**	**9,947.87**

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, 2025

Particulars	Stage I*	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2024	**9,884.13**	**121.03**	**297.25**	**10,302.41**
New loans originated during the year, netted off for repayments and derecognised portfolio	(1,958.82)	4.33	1,132.68	(821.81)
Loans written off during the year	(0.06)	(0.12)	(1,332.34)	(1,332.52)
Movement between stages				
Transfer from stage I	(680.17)	137.51	542.66	-
Transfer from stage II	0.92	(6.97)	6.05	-
Transfer from stage III	0.14	0.44	(0.58)	-
Gross carrying value of loans as at March 31, 2025	**7,246.14**	**256.22**	**645.72**	**8,148.08**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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**

* Includes overdue from 1 to 30 days amounting to ₹ 11.13 crore and ₹ 7.76 crore as on March 31, 2025 and March 31, 2024 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, 2024	**64.36**	**53.25**	**236.93**	**354.54**	**5.77**
New assets originated during the year, netted off for repayments and derecognised portfolio	(12.76)	1.88	902.82	891.94	4.58
Loans written off during the year	(0.06)	(0.12)	(1,332.34)	(1,332.52)	-
Movement between stages					
Transfer from stage I	(4.43)	0.90	3.53	-	-
Transfer from stage II	0.40	(3.06)	2.66	-	-
Transfer from stage III	0.11	0.35	(0.46)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	54.62	108.20	810.15	972.97	-
ECL allowance on March 31, 2025	**102.24**	**161.40**	**623.29**	**886.93**	**10.35**
ECL allowance on April 01, 2023	**70.45**	**24.11**	**218.10**	**312.66**	**1.99**
New assets 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, 2025

(₹ in Crores)

7 Investments

Particulars	As at March 31, 2025	As at March 31, 2024
At fair value through profit and loss account :		
Investments in Unquoted debt mutual funds (HDFC charity fund for cancer cure: March 31, 2025 - 19,99,900.05 units) (March 31, 2024 -19,99,900.05 units)	2.07	2.06
Less: Impairment loss allowance	-	-
Total	**2.07**	**2.06**
(i) Overseas investments	-	-
(ii) Investments in India	2.07	2.06
Total- Gross	**2.07**	**2.06**
Less: Impairment loss allowance	-	-
Total- Net	**2.07**	**2.06**

8 Other financial assets (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
A. Security deposits		
Unsecured, considered good	4.75	6.98
Sub-Total (A)	**4.75**	**6.98**
B. Other assets		
Excess interest spread (EIS) receivable	34.60	74.93
Advances recoverable in cash or for value to be received	30.04	23.27
Less : Impairment loss allowance (refer note 6 for movement)	(10.35)	(5.77)
Sub-Total (B)	**54.29**	**92.43**
Total (A+B)	**59.04**	**99.41**

9 Current tax assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance income tax (net)	33.61	3.25
Total	**33.61**	**3.25**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

10 Deferred tax assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
A. Deferred tax assets:		
Impairment allowance for financial assets	-	80.92
Differences of written down value of Property, plant and equipment and intangible Assets	-	2.59
Provision for employee benefits	-	5.57
Financial liabilities measured at amortised cost	-	1.48
EIR impact on loan portfolio	-	23.45
Expenses incurred on initial public offering	-	3.20
Other temporary difference	-	0.82
Total deferred tax assets	**-**	**118.03**
B. Deferred tax liabilities		
Excess interest spread (EIS) receivable	-	(17.66)
Stage 3 interest income	-	(8.70)
Total deferred tax liabilities	**-**	**(26.36)**
Net deferred tax assets (A+B)	**-**	**91.67**

C. Movement in Deferred tax assets (net)

Particulars	As at April 01, 2024	(Charge)/ credit in Statement of profit and loss for year ended March 31, 2025 (refer Note 61)	Recognized in othercomprehensive income for year ended March 31, 2025	Recognized in other equity for the year ended March 31, 2025*	As at March 31, 2025
Assets					
Impairment allowance for financial assets	80.92	(80.92)	-	-	-
Differences of written down value of Property, plant and equipment and intangible assets	2.59	(2.59)	-	-	-
Provision for employee benefits	5.57	(5.57)	-	-	-
Financial liabilities measured at amortised cost	1.48	(1.48)	-	-	-
Fair valuation of derivative financial instruments	-	-		-	-
EIR impact on loan portfolio	23.45	(23.45)	-	-	-
Expenses incurred on initial public offering	3.20	(3.06)		(0.14)	-
Other temporary difference	0.82	(0.82)	-	-	-
Liabilities					
EIS receivable	(17.66)	17.66	-	-	-
Stage 3 interest income	(8.70)	8.70	-	-	-
Total	**91.67**	**(91.53)**	**-**	**(0.14)**	**-**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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 the 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
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**

*The recognition of deferred tax asset of ₹ 0.14 crore has been reversed on account of change in share issue expenses and correspondingly adjusted with Securities Premium.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

11 Property, plant and equipment

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2024	Additions	Disposals	As at March 31, 2025	As at April 1, 2024	For the year	Disposals	As at March 31, 2025	As at March 31, 2025
Freehold Land*	5.02	-	5.02	-	-	-	-	-	-
Furniture and fixtures	7.44	0.65	0.11	7.98	3.38	1.15	0.08	4.45	3.53
Electrical fittings	1.57	0.16	0.05	1.68	0.77	0.22	0.04	0.95	0.73
Office equipment	7.08	1.73	0.14	8.67	3.90	1.97	0.12	5.75	2.92
Vehicles	0.35	-	0.04	0.31	0.26	0.04	0.04	0.26	0.05
Computers	16.65	3.39	0.38	19.66	12.34	4.08	0.37	16.05	3.61
Leasehold improvements	9.02	0.71	-	9.73	4.04	1.09	-	5.13	4.60
Total	**47.13**	**6.64**	**5.74**	**48.03**	**24.69**	**8.55**	**0.65**	**32.59**	**15.44**

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**

Notes to the Financial Statements for the year ended March 31, 2025

12 Right of use asset

(₹ in Crores)

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2024	Additions	Disposals	As at March 31, 2025	As at April 1, 2024	For the year	Disposals	As at March 31, 2025	As at March 31, 2025
Building (refer Note 53)	12.19	2.81	0.65	14.35	4.00	1.72	0.30	5.42	8.93
Vehicle (refer Note 53)	0.29	-	-	0.29	0.02	0.09	-	0.11	0.18
Total	**12.48**	**2.81**	**0.65**	**14.64**	**4.02**	**1.81**	**0.30**	**5.53**	**9.11**

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**

13 Intangible assets and Intangible assets under development

A. Intangible assets

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2024	Additions	Disposals	As at March 31, 2025	As at April 1, 2024	For the year	Disposals	As at March 31, 2025	As at March 31, 2025
Computer software	1.47	3.66	-	5.13	0.93	1.31	-	2.24	2.89
Total	**1.47**	**3.66**	**-**	**5.13**	**0.93**	**1.31**	**-**	**2.24**	**2.89**

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
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**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

B. Intangible assets under development

Intangible assets under development ageing schedule as at March 31, 2025

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
Projects-in-Progress	2.38	-	-	-	2.38
Projects temporarily suspended	-	-	-	-	-
Total	**2.38**	**-**	**-**	**-**	**2.38**

Intangible assets under development ageing schedule as at March 31, 2024

Particulars	Amount in Intangible assets under development 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**

Note: Intangible assets under development represent expenditure towards in-house development of software towards loan management system.

14 Other non-financial assets (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Pre-paid expenses	5.21	4.32
Share issue expenses	12.14	-
Advance loan installment to lenders*	23.16	20.63
Balance with revenue authorities	7.78	0.46
Others	1.94	3.99
Total	**50.23**	**29.40**

*the amount represents payment made to lenders for installment due within a week.

15 Derivative financial instrument

Derivatives not designated as hedges

Particulars	As at March 31, 2025	As at March 31, 2024
Derivatives Financial Liability		
Currency swap	0.17	-
Currency and Interest rate swaps	-	0.01
Total	**0.17**	**0.01**

The Company enters into derivatives for risk management purposes. Derivatives (i.e., currency swaps) held for risk management purposes include hedge that are economic hedge, but the Company has elected not to apply hedge accounting requirements.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Currency Swap:
As at March 31, 2025; the Company has entered into currency swaps to hedge foreign currency risks on External Commercial Borrowing (ECB) denominated in USD. 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.

Currency and Interest rate swaps
As at March 31, 2024; 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, 2025			As at March 31, 2024		
	Notional Amount	Fair Value-Assets	Fair Value-Liabilities	Notional Amount	Fair Value-Assets	Fair Value-Liabilities
Currency and Interest rate derivatives:						
Currency swap	208.84	-	0.17	-	-	-
Currency and Interest rate swaps	-	-	-	89.04	-	0.01
Total	**208.84**	**-**	**0.17**	**89.04**	**-**	**0.01**

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, 2025	As at March 31, 2024
(i) Total outstanding dues to micro enterprises and small enterprises (refer Note 40)	1.85	1.84
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	74.74	65.89
Total	**76.59**	**67.73**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Trade payables ageing schedule as on March 31 2025

Particulars	Outstanding for following period from due date of payment #				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
(i) MSME	1.85	-	-	-	1.85
(ii) Others	74.56	0.18	-	-	74.74
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	76.41	**0.18**	**-**	**-**	**76.59**

Trade payables ageing schedule as on March 31 2024

Particulars	Outstanding for following period from due date of payment #				Total
	Less than one 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**

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, 2025	As at March 31, 2024
Non-convertible debentures (Secured by book debts)*	145.00	189.93
Non-convertible debentures (Unsecured)	-	11.66
Total	**145.00**	**201.59**
Debt securities in India	145.00	201.59
Debt securities outside India	-	-
Total	**145.00**	**201.59**

*The borrowings are secured by hypothecation of book debts.

Information about the Company's exposure to credit and market risks are included in Note no. 47 and 49 respectively.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Terms of Debt securities	Number of debentures		Amount	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Secured*				
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	-	44.97
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	145.00	144.96
Sub Total			**145.00**	**189.93**
Unsecured				
11.05% Senior, unsecured rated unlisted transferable redeemable non convertible debentures of INR 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	-	11.66
Sub Total			-	**11.66**
Total			**145.00**	**201.59**

*The above mentioned interest rates are net of applicable TDS

18 Borrowings - other than debt securities (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Term loans		
(i) from banks	5,259.29	7,287.39
(ii) from other parties	735.28	983.44
(b) External commercial borrowings	208.67	90.09
Total	**6,203.24**	**8,360.92**
Borrowings in India	5,994.57	8,270.83
Borrowings outside India	208.67	90.09
Total	**6,203.24**	**8,360.92**
Secured*	6,203.24	8,360.92
Unsecured	-	-
Total	**6,203.24**	**8,360.92**

*The borrowings are secured by hypothecation of book debts and fixed deposits.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

19 Subordinated liabilities (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
from banks	-	-
from other than banks	53.78	53.39
Total	**53.78**	**53.39**
Subordinated liabilities in form of Non-convertible debentures	53.78	53.39
Subordinated liabilities in form of term loan	-	-
Total	**53.78**	**53.39**
Subordinated liabilities in India	53.78	53.39
Subordinated liabilities outside India	-	-
Total	**53.78**	**53.39**

Terms of Non-convertible debentures	Number of debentures		Amount	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
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	29.07	28.77
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	24.71	24.62
Total			**53.78**	**53.39**

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)

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

17A, 18A and 19A

Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2025

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		Above 5 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%	10	31.14	-	-	-	-	-	-	-	-	-	-	31.14
	08.01% -08.50%	12	145.00	4	13.33	-	-	-	-	-	-	-	-	158.33
	08.51% - 09.00%	12	269.58	5	56.25	-	-	-	-	-	-	-	-	325.83
	09.01% - 09.50%	12	650.42	5	108.33	-	-	-	-	-	-	-	-	758.75
	09.51% - 10.00%	12	931.32	11	231.45	-	-	-	-	-	-	-	-	1,162.77
	10.01% - 10.50%	12	772.02	12	259.86	-	-	-	-	-	-	-	-	1,031.88
	10.51% - 11.00%	12	304.85	10	85.02	-	-	-	-	-	-	-	-	389.87
	11.01% - 11.50%	12	172.02	12	69.14	-	-	-	-	-	-	-	-	241.16
	11.51% - 12.00%	8	60.64	-	-	-	-	-	-	-	-	-	-	60.64
Above 3 Years	09.51% - 10.00%	12	18.75	12	18.75	12	18.75	5	7.81	-	-	-	-	64.06
Quarterly														
Upto 3 Years	08.51% - 09.00%	2	12.50	4	25.00	2	12.50	-	-	-	-	-	-	50.00
	09.01% - 09.50%	8	238.82	5	49.42	1	4.33	-	-	-	-	-	-	292.57
	09.51% - 10.00%	12	368.90	7	77.90	-	-	-	-	-	-	-	-	446.80
	10.01% - 10.50%	8	415.38	8	131.33	4	33.38	-	-	-	-	-	-	580.09
	10.51% - 11.00%	2	7.77	-	-	-	-	-	-	-	-	-	-	7.77
	11.01% - 11.50%	6	35.55	-	-	-	-	-	-	-	-	-	-	35.55
Above 3 Years	09.51% - 10.00%	4	41.50	3	24.00	-	-	-	-	-	-	-	-	65.50
Half Yearly														
Upto 3 Years	10.01% - 10.50%	4	102.40	2	51.20	-	-	-	-	-	-	-	-	153.60
Above 3 Years	11.01% - 11.50%	1	2.00	-	-	-	-	-	-	-	-	-	-	2.00
Bullet Repayment														
Upto 3 Years	07.51% - 08.00%	-	-	1	150.00	-	-	-	-	-	-	-	-	150.00
EIR Impact														(13.74)
Sub Total (A)		**161**	**4,580.56**	**101**	**1,350.98**	**19**	**68.96**	**5**	**7.81**	**-**	**-**	**-**	**-**	**5,994.57**
(B) Debt securities														
Bullet Repayment														
Upto 3 Years	13.01% - 13.50%	1	145.00	-	-	-	-	-	-	-	-	-	-	145.00
Sub Total (B)		**1**	**145.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**145.00**
(C) ECB														
Quarterly														
Above 3 Years	07.51% - 08.00%	-	-	3	20.87	4	27.83	4	27.83	4	27.83	9	67.42	171.78
	08.01% -08.50%	-	-	3	5.23	4	6.98	4	6.98	4	6.98	9	15.70	41.87
EIR Impact														(4.98)
Sub Total (C)		**-**	**-**	**6**	**26.10**	**8**	**34.81**	**8**	**34.81**	**8**	**34.81**	**18**	**83.12**	**208.67**
(D) 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
EIR Impact														(1.22)
Sub Total (D)		**-**	**-**	**-**	**-**	**2**	**55.00**	**-**	**-**	**-**	**-**	**-**	**-**	**53.78**
Total		**162**	**4,725.56**	**107**	**1,377.08**	**29**	**158.77**	**13**	**42.62**	**8**	**34.81**	**18**	**83.12**	**6,402.02**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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		Above 5 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
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**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

20 Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Payable towards assigned portfolio	95.89	136.82
Interest accrued but not due on borrowings	18.13	21.29
Lease Liabilities (refer note 53)	11.51	10.48
Other payable	0.65	7.80
Total	**126.18**	**176.39**

21 Current tax liabilities (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for tax (net)	-	-
Total	**-**	**-**

22 Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (refer note 39)	2.08	0.32
Provision for compensated absence (refer note 39)	8.59	6.91
Provision on business correspondence portfolio	0.01	-
Provision for other contingencies*	5.32	3.31
Total	**16.00**	**10.54**

*includes provision for cash loss & employee contingency

Movement of provision for other contingencies

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Carrying Value as at beginning of the year (a)	**3.31**	**3.98**
Additional provisions made during the year (b)	2.92	1.87
Amount used during the year (c)	0.91	0.94
Unused amount reversed during the year (d)	-	1.60
Carrying Value as at end of the year (a+b-c-d)	**5.32**	**3.31**

23 Other non-financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues payable	12.24	15.98
Others	16.14	39.62
Total	**28.38**	**55.60**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

24 Share Capital

Authorised share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Equity shares		
March 31, 2025: 20,00,00,000 (March 31, 2024 : 10,50,00,000) equity shares of ₹ 10 each	200.00	105.00
Total	**200.00**	**105.00**

25 Equity Share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Issued, subscribed and paid-up		
Equity shares		
Fully paid up		
March 31, 2025: 10,10,23,885 (March 31, 2024 : 10,10,23,885) equity shares of ₹ 10 each fully paid up	101.02	101.02
Less: treasury shares	(0.37)	(0.40)
Total	**100.65**	**100.62**

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, 2025		As at March 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year				
Fully paid up	10,10,23,885	101.02	10,06,30,735	100.63
Movement during the year				
Allotted to Fusion employee benefit trust	-	-	3,93,150	0.39
Issued during the year (fully paid up)	-	-	-	-
At the end of the year (A)	**10,10,23,885**	**101.02**	**10,10,23,885**	**101.02**
Treasury shares				
At the commencement of the year	(4,03,880)	(0.40)	(2,85,266)	(0.28)
Issued for cash on exercise of share options	33,700	0.03	2,74,536	0.27
Allotted to Fusion employee benefit trust	-	-	(3,93,150)	(0.39)
At the end of the year (B)	**(3,70,180)**	**(0.37)**	**(4,03,880)**	**(0.40)**
At the end of the year (A+B)	**10,06,53,705**	**100.65**	**10,06,20,005**	**100.62**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

b. Rights, preferences and restrictions attached to equity shares :

The Company has single class of equity shares having par value of ₹ 10 each (comprising 10,10,23,885 fully paid up Equity Shares of face value of ₹ 10 each having paid-up value of ₹ 10 each). Further, the Company has issued 6,10,58,392 partly paid up Equity Shares of face value of ₹ 10 each having paid up value of ₹ 5/- each by the way of Rights issue on May 02, 2025. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid up equity share capital of the Company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

c. Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	As at March 31, 2025		As at March 31, 2024	
	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	9.85%
Creation Investments Fusion,LLC, Chicago, U.S.A.	1,00,29,720	9.93%	1,00,29,720	9.93%
Honey Rose Investment Ltd, Mauritius	3,31,64,881	32.83%	3,31,64,881	32.83%
Total	**5,31,49,130**	**52.61%**	**5,31,49,130**	**52.61%**

d. Particulars of equity shares held by promoters

Name of the Promoter	As at March 31, 2025			As at March 31, 2024		
	Number of shares	% of Holding	% Change during the year	Number of shares	% of Holding	% Change during the year
Promoter						
Devesh Sachdev	49,41,314	4.89%	0.00%	49,41,314	4.89%	0.79%
Creation Investments Fusion II ,LLC	99,54,529	9.85%	0.00%	99,54,529	9.85%	0.00%
Creation Investments Fusion,LLC	1,00,29,720	9.93%	0.00%	1,00,29,720	9.93%	(27.95%)
Honey Rose Investment Ltd	3,31,64,881	32.83%	0.00%	3,31,64,881	32.83%	(16.30%)
Total	**5,80,90,444**	**57.50%**		**5,80,90,444**	**57.50%**	

As on May 02, 2025; the Company has issued shares by way of Rights issue. The shareholding of promoters post-issue will be as given below:

Name of the Promoter	Post-Issue			
	Fully Paid up @ 10 each	Partly Paid up @ 5 each	Total Number of shares	% of Holding
Devesh Sachdev	49,41,314	-	49,41,314	3.05%
Creation Investments Fusion II ,LLC	99,54,529	32,18,813	1,31,73,342	8.13%
Creation Investments Fusion,LLC	1,00,29,720	40,64,516	1,40,94,236	8.70%
Honey Rose Investment Ltd	3,31,64,881	2,38,91,326	5,70,56,207	35.20%
Total	**5,80,90,444**	**3,11,74,655**	**8,92,65,099**	**55.08%**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

e. Particulars of shares reserved for issue under employee stock options

Particulars	As at March 31, 2025	As at March 31, 2024
Under Employee Stock Option Plans*	19,59,304	19,59,304

*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 till March 31, 2025.

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.

c) Further, with reference to the special resolution passed by the shareholders dated April 23, 2025, the Company will institute an employee stock option plan, pursuant to which it will grant and allot 5,000,000 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, 2025 and year ended March 31, 2024.

g. Pursuant to the Board of Directors approval dated December 04, 2024 for issue of equity shares by way of Rights Issue ("Rights Issue") for an amount of ₹ 799.86 crore, the Company had filed Letter of Offer on March 29, 2025. The issue opened for subscription on April 15, 2025 and closed on April 25, 2025. The rights issue was subscribed by 1.5 times.

On May 02, 2025, the Company has allotted partly paid-up 6,10,58,392 Equity Shares by the way of Rights Issue at a price of ₹ 131 per Equity Share (including a premium of ₹ 121 per Equity Share) of which ₹ 65.50 per Equity Share (₹ 5.00 face value and ₹ 60.50 as a premium per Equity Share) was paid by eligible equity shareholders on application and the balance amount shall be payable in one or more subsequent call(s), with terms and conditions such as the number of calls and the timing and quantum of each call as may be decided by our Board/ Rights Issue Committee, from time to time, to be completed on or prior to March 31, 2027, or such other extended timelines.

The partly paid-up shares are listed and being traded on the Stock Exchanges i.e. National Stock exchange (NSE) and BSE Limited (BSE) w.e.f. May 12, 2025. Accordingly, the total post rights issue paid up capital including treasury shares is ₹ 1,31,55,30,810, comprising 10,10,23,885 Equity Shares of face value of ₹10 each (full paid-up) and 6,10,58,392 Equity Shares of face value of ₹10 each (₹5/- paid-up).

Pursuant to above, the earnings per share (basic & diluted) has been adjusted for the Bonus element in respect of Rights issue for the year ended March 31, 2025 and for the year ended March 31, 2024. (refer Note 37 for EPS).

26 Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory reserve		
Balance as at the beginning of the year	223.87	122.81
Add: Amount transferred from retained earnings	-	101.06
Balance as at the end of the year	**223.87**	**223.87**
Securities premium		
Balance as at the beginning of the year	1,657.91	1,641.64
Add: Exercise of stock options	0.48	4.77
Add: Issue of shares to Trust	-	11.50
Add: Reversal of share issue expenses	4.58	-
Balance as at the end of the year	**1,662.97**	**1,657.91**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Treasury Shares #		
Balance as at the beginning of the year	(11.65)	(4.10)
Add: Exercise of stock options	0.83	3.95
Less: Issue of shares to Trust	-	(11.50)
Balance as at the end of the year	**(10.82)**	**(11.65)**
Retained earnings		
Balance as at the beginning of the year	856.44	452.06
Add: Profit/(loss) for the year	(1,224.54)	505.29
Add: Stock options lapsed	0.82	0.15
Less : Amount transferred to statutory reserve	-	(101.06)
Balance as at the end of the year	**(367.28)**	**856.44**
Employee stock option plan reserve		
Balance as at the beginning of the year	18.54	7.97
Add: Share based compensation	12.89	13.11
Add: Exercise of stock options	(0.37)	(2.39)
Less: Lapse of stock options	(0.82)	(0.15)
Balance as at the end of the year	**30.24**	**18.54**
Other comprehensive income		
Remeasurement of defined benefit plans (gain/(loss))		
Balance as at the beginning of the year	2.42	1.19
Other comprehensive income for the year	1.28	1.23
Balance as at the end of the year	**3.70**	**2.42**
Total other equity	**1,542.68**	**2,747.53**

Treasury shares excludes amount adjusted from equity share capital.

Nature and purpose of other reserve :

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.

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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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 plan

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, 2025	For the year ended March 31, 2024
On financial asset measured at amortized cost		
Interest income on loan portfolio	2,128.97	2,086.63
Interest on deposits with banks	5.25	5.27
Total	**2,134.22**	**2,091.90**

28 Fees and commission income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Facilitation fees	14.46	41.67
Income from business correspondence services	0.68	-
Total	**15.14**	**41.67**

29 Net gain on fair value changes

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
- On trading portfolio		
Net gain on sale of mutual fund investments	79.36	52.80
Net gain on sale of non-convertible debentures	1.83	-
- Others		
Unrealised gain on mutual fund investments	0.07	0.06
Total	**81.26**	**52.86**
Fair value changes :		
- Realised	81.19	52.80
- Unrealised	0.07	0.06
Total	**81.26**	**52.86**

30 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Gain on derecognition of financial instruments (refer note 46)	89.14	130.30
Total	**89.14**	**130.30**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

31 Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Market support income	24.77	60.53
Recovery of loans written off	17.63	26.81
Miscellaneous income	6.73	8.35
Total	**49.13**	**95.69**

32 Finance cost

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial liabilities measured at amortized cost		
Interest on debt securities	24.01	65.58
Interest on borrowings (other than debt securities)	797.94	704.36
Interest on subordinated liabilities	6.86	11.80
Interest on lease liability	1.23	0.99
Others:		
Net (gain)/loss on fair value of derivative contracts measured at fair value through profit or loss	0.16	0.14
Net (gain)/loss on foreign currency transaction and translation on external commercial borrowing	3.75	0.83
Other Finance Cost	9.90	7.13
Total	**843.85**	**790.83**

33 Impairment on financial instruments

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial assets measured at amortised cost		
Impairment on loan portfolio	1,864.91	361.08
Other financial assets	4.58	3.78
Total	**1,869.49**	**364.86**

34 Employee benefit expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus	502.93	373.71
Contribution to provident and other funds	34.56	25.04
Share based compensation expense	12.89	13.11
Staff welfare expenses	22.86	19.36
Total	**573.24**	**431.22**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

35 Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent (refer note 53)	30.22	23.30
Travelling and conveyance	42.27	34.00
Auditor's fees and expenses*	1.39	1.21
Legal and professional fees	10.97	7.77
Director's fees, commission and expenses	0.84	0.42
Rates and taxes	15.72	12.59
Postage and Communication	6.52	6.07
Printing and Stationery	5.85	5.46
Office maintenance	10.81	7.08
Water and electricity	6.95	4.84
Staff recruitment and training	6.42	2.50
Insurance	5.68	4.76
Corporate social responsibility #	7.05	3.65
Software support service	17.16	13.85
Business promotion	0.68	0.57
Lodging and boarding	1.91	1.74
Cash management services	15.87	13.76
Credit bureau expenses	3.30	3.96
Manpower Outsourcing Expenses	7.61	1.43
Membership fees	0.64	0.66
Miscellaneous expenses	5.79	3.62
Total	**203.65**	**153.24**

***Includes payment to statutory auditors:**

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Audit fees	1.13	1.00
Certification and other services	0.13	0.06
Reimbursement of expenses	0.08	0.06
Total	**1.34**	**1.12**

*Excluding fees in relation to the rights issue related services by the statutory auditor's amounting to ₹1.60 crore excluding applicable taxes (Previous Year: ₹ Nil).

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

 # Details of corporate social responsibility expenditure

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Gross amount required to be spent by the Company for respective financial year	7.61	3.65
b) Amount approved by the board to be spent during the year*	7.05	3.65
c) Amount spent during the year :		
i) construction/acquisition of any asset	-	-
ii) on purposes other than (i) above	7.05	3.65
d) (Shortfall) / Excess at the end of the year	-	-
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

*the approved amount is adjusted with excess spent of ₹ 0.56 Crore in financial year 2022-23.

For the year ended March 31, 2025 & March 31, 2024; the Company has spent in below project as per schedule VII of the Companies Act, 2013

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
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	2.69	1.41
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	1.91	1.30
c) Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga	1.36	0.24
d) Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports	0.30	0.20
e) Disaster management, including relief, rehabilitation and reconstruction activities	0.28	0.37
f) Rural development projects	0.50	0.10
	7.04	**3.62**
Expenditure on administrative overheads	0.01	0.03
	7.05	**3.65**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

36 Income tax

a. Income tax expense in the statement of profit and loss consist of:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current income tax:		
Income tax	-	172.30
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	91.53	(14.33)
Income tax expense reported in the statement of profit or loss	**91.53**	**157.97**
Income tax recognised in other comprehensive income		
Deferred tax arising on remeasurement gains on defined benefit plan	-	0.41
Total income tax expense	**91.53**	**158.38**

Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2025			For the year ended March 31, 2024		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurement of the net defined benefit (liability)/asset	1.28	-	1.28	1.64	(0.41)	1.23
Total	**1.28**	**-**	**1.28**	**1.64**	**(0.41)**	**1.23**

Note : The Company has selected 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 31,2025 and March 31, 2024 is as follows:

Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit/(loss) before tax	25.17%	(1,133.01)	25.17%	663.26
Computed tax expense		-		166.93
Effect of:				
Non-deductible expenses		-		0.92
Reversal of deferred tax		91.53		-
Deduction under chapter VI-A (Section 80JJA of Income Tax Act)		-		(9.12)
Others		-		(0.76)
Income tax expense reported in the Statement of profit and loss		**91.53**		**157.97**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

37 Earning per share

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Basic earning per share		
Profit/(loss) for the year before Other comprehensive income as per the Statement of profit and loss	(1,224.54)	505.29
Profit/(loss) after tax for calculation of basic EPS	(1,224.54)	505.29
Weighted average number of equity shares outstanding at the year ended	10,06,47,048	10,04,57,484
Add: Bonus element adjustment for Rights issue*	92,62,272	92,44,827
Adjusted weighted average number of equity shares outstanding at the year ended	10,99,09,320	10,97,02,311
b) Diluted earning per share		
Profit/(loss) for the year before Other comprehensive income as per the Statement of profit and loss	(1,224.54)	505.29
Profit/(loss) after tax for calculation of dilutive EPS	(1,224.54)	505.29
Weighted average number of equity shares outstanding during the year - basic	10,06,47,048	10,04,57,484
Add: Bonus element adjustment for Rights issue*	92,62,272	92,44,827
Add: Weighted average number of potential equity shares on account of employee stock options	2,413	3,69,973
Weighted average number of equity shares outstanding at the year ended - diluted	10,99,11,733	11,00,72,284
Earning per share*		
Basic - par value of ₹10 each	**(111.41)**	**46.06**
Diluted - par value of ₹10 each	**(111.41)**	**45.89**

*The Earning per share & weighted average number of equity shares have been adjusted retrospectively for the bonus element in respect of Rights Issue of the Company allotted after the reporting period but before the signing of financial statements. The bonus element has been calculated as per Ind AS-33 considering Rights issue as fully paid-up.

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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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.

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Contribution to provident funds	27.77	20.26
Contribution to employee state insurance	6.26	4.45
National pension scheme	0.40	0.21
Labour welfare fund	0.13	0.12
Total	**34.56**	**25.04**

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 was carried out as at March 31, 2025. The present value of the defined benefit obligations and the related current service cost and past year service cost, was 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, 2025	As at March 31, 2024
Present value of obligation	17.42	14.37
Fair value of plan assets	15.34	14.05
Net defined benefit liability/(asset)	**2.08**	**0.32**

Amount recognized in the statement of profit and loss is as under:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	4.43	3.64
Net interest cost/(income) on the net defined benefit liability/(asset)	0.03	0.08
Expenses recognized in the statement of profit and loss	**4.46**	**3.72**

Amount recognized in the other comprehensive income is as under:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Actuarial gain/(loss) recognized during the year	1.28	1.64
	1.28	**1.64**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

(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 2025 is ₹ 6.80 crore (March 31, 2024: ₹4.60 crore).

(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, 2025			As at March 31, 2024		
	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	14.37	14.05	0.32	11.82	10.51	1.31
Included in profit or loss						
Current service cost	4.43	-	4.43	3.64	-	3.64
Interest cost (income)	1.03	1.00	0.03	0.86	0.78	0.08
Total	**5.46**	**1.00**	**4.46**	**4.50**	**0.78**	**3.72**
Included in Other comprehensive income						
Remeasurements loss (gain)						
Actuarial loss (gain) arising from:						
- demographic assumptions	(0.48)	-	(0.48)	(0.41)	-	(0.41)
- financial assumptions	(0.24)	-	(0.24)	0.07	-	0.07
- experience adjustment	(0.23)	-	(0.23)	(0.54)	-	(0.54)
-Return on plan assets excluding interest income	-	0.33	(0.33)	-	0.76	(0.76)
Total	**(0.95)**	**0.33**	**(1.28)**	**(0.88)**	**0.76**	**(1.64)**
Other						
Contribution paid by the employer	-	0.22	(0.22)	-	2.00	(2.00)
Insurance premium paid	-	(0.26)	0.26			
Benefits paid	(1.46)	-	(1.46)	(1.07)	-	(1.07)
Total	**(1.46)**	**(0.04)**	**(1.42)**	**(1.07)**	**2.00**	**(3.07)**
Balance at the end of the year	**17.42**	**15.34**	**2.08**	**14.37**	**14.05**	**0.32**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

(c) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at March 31, 2025	As at March 31, 2024
Investment with Kotak gratuity group plan	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	6.50%	7.15%
Future long term salary growth	11.00%	12.00%
Withdrawal rate	30.00%	28.00%
Retirement age (in years)	60.00	60.00
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, 2025 Impact on defined benefit obligation		As at March 31, 2024 Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	16.76	18.14	13.79	14.99
Salary growth rate (1.00% movement)	18.10	16.78	14.96	13.80
Attrition rate (1.00% movement)	17.20	17.66	14.18	14.57
Mortality rate (10.00% movement)	17.42	17.42	14.36	14.37

(f) Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2025	As at March 31, 2024
1 year	3.74	2.98
Between 2-5 years	11.50	9.28
Between 6-10 years	5.90	5.51
Over 10 years	2.10	2.52
Total	**23.24**	**20.29**

As at March 31, 2025, the weighted-average duration of the defined benefit obligation was 4 years (March 31, 2024 - 4 years).

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such the Company is exposed to various risks as follows -

Interest rate risk : The plan exposes the Company to the risk of fall in interest rate. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability.

Liquidity Risk : This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk : 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 probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

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.

Regulatory Risk : Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,00,000).

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.

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-

Amount recognised in the Statement of profit and loss

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Value of the expense recognised during the year	4.16	3.43

Amount recognised in the Balance sheet:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Present value of obligation as at the end	8.59	6.91

iv The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025 (refer note 16) based on information received and available with the Company.

Particulars	As at March 31, 2025	As at March 31, 2024
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	1.85	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, 2025			As at March 31, 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	783.05	-	783.05	1,474.69	-	1,474.69
Bank balance other than cash and cash equivalents	47.85	22.15	70.00	41.81	36.69	78.50
Trade receivables	3.70	-	3.70	13.85	-	13.85
Loans	5,088.30	2,172.85	7,261.15	6,147.23	3,800.64	9,947.87
Investments	0.07	2.00	2.07	0.06	2.00	2.06
Other financial assets	56.84	2.20	59.04	94.39	5.02	99.41
Non-financial assets						
Current tax assets (net)	33.61	-	33.61	3.25	-	3.25
Deferred tax assets (net)	-	-	-	-	91.67	91.67
Property, plant and equipment	-	15.44	15.44	-	22.44	22.44
Right of use asset	-	9.11	9.11	-	8.46	8.46
Intangible assets	-	2.89	2.89	-	0.54	0.54
Intangible assets under development	-	2.38	2.38	-	2.18	2.18
Other non financial assets	49.98	0.25	50.23	29.12	0.28	29.40
Total Assets	**6,063.40**	**2,229.27**	**8,292.67**	**7,804.40**	**3,969.92**	**11,774.32**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	As at March 31, 2025			As at March 31, 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities **Financial liabilities**						
Derivative financial instrument	-	0.17	0.17	0.01	-	0.01
Trade payables	76.59	-	76.59	67.73	-	67.73
Debt securities	145.00	-	145.00	56.63	144.96	201.59
Borrowings (other than debt securities)	4,564.15	1,639.09	6,203.24	5,227.83	3,133.09	8,360.92
Subordinated liabilities	-	53.78	53.78	-	53.39	53.39
Other financial liabilities	116.30	9.88	126.18	167.31	9.08	176.39
Non-financial liabilities						
Provisions	8.25	7.75	16.00	5.52	5.02	10.54
Other non-financial liabilities	28.34	0.04	28.38	55.60	-	55.60
Total Liabilities	**4,938.63**	**1,710.71**	**6,649.34**	**5,580.63**	**3,345.54**	**8,926.17**
Net Assets	**1,124.77**	**518.56**	**1,643.33**	**2,223.77**	**624.38**	**2,848.15**

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, 2024	**201.59**	**8,360.92**	**53.39**	**8,615.90**
Repayment	(56.67)	(6,190.46)	-	(6,247.13)
Proceeds	-	4,030.13	-	4,030.13
Non Cash:				
Amortisation of upfront fees	0.08	(1.10)	0.39	(0.63)
Exchange differences (net)	-	3.75	-	3.75
March 31, 2025	**145.00**	**6,203.24**	**53.78**	**6,402.02**
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 for the year ended March 31, 2025

(₹ in Crores)

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 2016' (Scheme 2016) and 'Employee Stock Option Scheme 2023' (Scheme 2023). The key terms and conditions related to the grant of the stock options are as follows:

a) 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, 2025, the ESOP trust have 3,70,180 equity shares, (March 31, 2024: 4,03,880). 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, 2025, the Company has reduced the shares allotted to ESOP Trust amounting ₹ 0.37 crore (March 31, 2024: ₹ 0.40 crore) from the share capital and ₹ 10.82 crore (March 31, 2024: ₹ 11.65 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

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan :

Particulars	March 31, 2025		March 31, 2024	
	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	**19,70,315**	**426.13**	**14,76,604**	**305.89**
Add: Granted during the year	4,20,700	320.05	9,45,500	551.36
Less: Lapsed/forfeited during the year	2,13,725	468.99	1,77,253	365.19
Less: Exercised during the year	33,700	307.41	2,74,536	250.05
Outstanding options at the end of the year	**21,43,590**	**402.90**	**19,70,315**	**426.13**
Options exercisable at the end of the year	8,32,114		3,82,251	

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2025 was ₹ 459.94 (March 31, 2024: ₹ 565.76).

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025	As at March 31, 2024
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	-	-
Tranche 2	1,36,545	September 30, 2029	154.04	-	-
Tranche 3	1,36,545	September 30, 2030	154.04	-	-
Tranche 4	1,36,545	September 30, 2031	154.04	29,986	31,011
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	1,125
Tranche 4	7,948	November 8, 2031	154.04	1,125	1,125
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
August 19, 2020	**1,62,000**				
Tranche 1	40,500	August 19, 2029	290.48	-	-
Tranche 2	40,500	August 19, 2030	290.48	-	-
Tranche 3	40,500	August 19, 2031	290.48	20,875	22,125
Tranche 4	40,500	August 19, 2032	290.48	25,500	28,250
November 9, 2020	**67,500**				
Tranche 1	16,875	November 9, 2029	290.48	-	1,000
Tranche 2	16,875	November 9, 2030	290.48	-	1,000
Tranche 3	16,875	November 9, 2031	290.48	1,000	8,250
Tranche 4	16,875	November 9, 2032	290.48	14,750	15,750
February 5, 2021	**3,55,000**				
Tranche 1	88,750	February 5, 2030	290.48	7,625	8,375
Tranche 2	88,750	February 5, 2031	290.48	14,750	15,500
Tranche 3	88,750	February 5, 2032	290.48	36,500	46,800
Tranche 4	88,750	February 5, 2033	290.48	51,625	59,250

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2025	As at March 31, 2024
February 14, 2022	**5,18,500**				
Tranche 1	1,29,625	February 14, 2031	327.50	51,250	52,625
Tranche 2	1,29,625	February 14, 2032	327.50	73,750	83,375
Tranche 3	1,29,625	February 14, 2033	327.50	87,000	94,625
Tranche 4	1,29,625	February 14, 2034	327.50	87,000	94,625
October 13, 2022	**5,76,250**				
Tranche 1	1,44,062	October 13, 2031	339.48	88,751	1,01,501
Tranche 2	1,44,063	October 13, 2032	339.48	1,19,313	1,31,688
Tranche 3	1,44,062	October 13, 2033	339.48	1,19,313	1,31,688
Tranche 4	1,44,063	October 13, 2034	339.48	1,19,313	1,31,688
June 09, 2023	**5,66,000**				
Tranche 1	1,41,500	June 9, 2032	507.85	1,16,250	1,31,375
Tranche 2	1,41,500	June 9, 2033	507.85	1,16,250	1,31,375
Tranche 3	1,41,500	June 9, 2034	507.85	1,16,250	1,31,375
Tranche 4	1,41,500	June 9, 2035	507.85	1,16,250	1,31,375
November 06, 2023	**3,79,500**				
Tranche 1	94,875	November 6, 2032	616.25	82,500	93,750
Tranche 2	94,875	November 6, 2033	616.25	82,500	93,750
Tranche 3	94,875	November 6, 2034	616.25	82,500	93,750
Tranche 4	94,875	November 6, 2035	616.25	82,500	93,750
May 06, 2024	**1,62,200**				
Tranche 1	40,550	May 6, 2033	536.00	32,775	-
Tranche 2	40,550	May 6, 2034	536.00	32,775	-
Tranche 3	40,550	May 6, 2035	536.00	32,775	-
Tranche 4	40,550	May 6, 2036	536.00	32,775	-
October 05, 2024	**30,000**				
Tranche 1	7,500	October 5, 2033	236.61	7,500	-
Tranche 2	7,500	October 5, 2034	236.61	7,500	-
Tranche 3	7,500	October 5, 2035	236.61	7,500	-
Tranche 4	7,500	October 5, 2036	236.61	7,500	-
November 15, 2024	**2,28,500**				
Tranche 1	57,125	November 15, 2033	177.71	57,125	-
Tranche 2	57,125	November 15, 2034	177.71	57,125	-
Tranche 3	57,125	November 15, 2035	177.71	57,125	-
Tranche 4	57,125	November 15, 2036	177.71	57,125	-
Outstanding options at the end of the year				**21,43,590**	**19,70,315**
Weighted average remaining contractual life of options outstanding at the end of the year				**8.54 years**	**9.22 years**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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 2024-25 was ranged between ₹ 98.47 - ₹ 301.41 (during the Previous Year 2023-24 was ranged between ₹ 306.84 - ₹ 349.51).

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

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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
May 06, 2024						
Tranche 1	May 6, 2033	44.99%	536.00	536.00	7.24%	266.66
Tranche 2	May 6, 2034	44.85%	536.00	536.00	7.27%	291.59
Tranche 3	May 6, 2035	44.64%	536.00	536.00	7.26%	312.98
Tranche 4	May 6, 2036	45.05%	536.00	536.00	7.28%	334.41
October 05, 2024						
Tranche 1	October 5, 2033	44.23%	236.61	236.61	6.87%	115.24
Tranche 2	October 5, 2034	43.78%	236.61	236.61	6.92%	125.69
Tranche 3	October 5, 2035	43.78%	236.61	236.61	6.93%	135.42
Tranche 4	October 5, 2036	44.08%	236.61	236.61	6.95%	144.66

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
November 15, 2024						
Tranche 1	November 15, 2033	44.51%	177.71	177.71	6.96%	87.11
Tranche 2	November 15, 2034	44.02%	177.71	177.71	6.97%	94..83
Tranche 3	November 15, 2035	44.36%	177.71	177.71	6.99%	102.57
Tranche 4	November 15, 2036	44.44%	177.71	177.71	7.04%	109.36

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.

44 Related party disclosure

i. Names of the related party and nature of relationship:-

Description of relationship	Designation	As at March 31, 2025	As at March 31, 2024
Key Management Personnel*	Managing Director (Note 1)	Devesh Sachdev	Devesh Sachdev
	Chief Executive Officer (Note 2)	Sanjay Garyali	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari	Gaurav Maheshwari
	Company Secretary and Chief Compliance Officer	Deepak Madaan	Deepak Madaan
Directors	Independent Director (Note 3 & 4)	Ms. Namrata Kaul	Ms. Namrata Kaul
		-	Mr. Pankaj Vaish
		Mr. Puneet Gupta	-
		Ms. Ratna Dharashree Vishwanathan	Ms. Ratna Dharashree Vishwanathan
	Nominee Director	Mr. Narendra Ostawal	Mr. Narendra Ostawal
		Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele
Entities exercising significant influence over the Company	Shareholder	Honey Rose Investment Ltd	Honey Rose Investment Ltd
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: The Designation of Mr. Devesh Sachdev has been changed from "Managing Director & CEO" to "Managing Director" w.e.f. March 17, 2025

Note 2: Mr. Sanjay Garyali was appointed as Chief Executive Officer w.e.f. March 17, 2025

Note 3: Mr. Pankaj Vaish has completed his tenure as Independent Director on September 21, 2024.

Note 4: Mr. Puneet Gupta has been appointed as additional Independent Director w.e.f. October 05, 2024 which has been regularised w.e.f. October 30, 2024.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the year ended March 31, 2025	For the year ended March 31, 2024
Mr. Devesh Sachdev	Managerial remuneration	6.32	7.88
Mr. Sanjay Garyali	Remuneration	1.61	-
Mr. Gaurav Maheshwari	Remuneration	1.40	1.14
Mr. Gaurav Maheshwari	Share based compensation expense	0.36	
Mr. Deepak Madaan	Remuneration	0.82	0.65
Mr. Deepak Madaan	Share based compensation expense	0.29	
Ms. Ratna Dharashree Vishwanathan	Sitting fees	0.19	0.11
Ms. Ratna Dharashree Vishwanathan	Commission	0.08	-
Ms. Namrata Kaul	Sitting fees	0.21	0.14
Ms. Namrata Kaul	Commission	0.08	-
Mr. Pankaj Vaish	Sitting fees	0.09	0.13
Mr. Pankaj Vaish	Commission	0.08	-
Mr. Pankaj Vaish	Reimbursement of travelling expenses	0.03	0.04
Mr. Puneet Gupta	Sitting fees	0.09	-
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment	0.22	2.00
Vivriti Asset Management Private Limited	Interest payment	-	1.60
Vivriti Capital Private Limited	Interest payment	-	1.32

The amount payable to related parties:

Name of the related party	Nature of transaction	As at March 31, 2025	As at March 31, 2024
-	-	-	-

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 and leave compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits .

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025		As at March 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost **Financial assets:**				
Cash and cash equivalents	783.05	783.05	1,474.69	1,474.69
Bank balance other than cash and cash equivalents	70.00	70.00	78.50	78.50
Trade receivables	3.70	3.70	13.85	13.85
Loans	7,261.15	7,261.15	9,947.87	9,947.87
Other financial assets	59.04	59.04	99.41	99.41
	8,176.94	**8,176.94**	**11,614.32**	**11,614.32**
At fair value through profit or loss				
Investments	2.07	2.07	2.06	2.06
	2.07	**2.07**	**2.06**	**2.06**
	8,179.01	**8,179.01**	**11,616.38**	**11,616.38**
Financial liabilities:				
Trade payables	76.59	76.59	67.73	67.73
Debt securities	145.00	151.84	201.59	212.61
Borrowings (other than debt securities)	6,203.24	6,193.34	8,360.92	8,363.82
Subordinated liabilities	53.78	57.39	53.39	58.55
Other financial liabilities	126.18	126.18	176.39	176.39
	6,604.79	**6,605.34**	**8,860.02**	**8,879.10**
At fair value through profit or loss				
Derivative financial instrument	0.17	0.17	0.01	0.01
	0.17	**0.17**	**0.01**	**0.01**
	6,604.96	**6,605.51**	**8,860.03**	**8,879.11**

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, 2025	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Investments	2.07	2.07	-	-	2.07
	2.07	**2.07**	**-**	**-**	**2.07**
Financial Liabilities:					
Derivative financial instrument	0.17	-	0.17		0.17
	0.17	**-**	**0.17**	**-**	**0.17**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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**

B.2Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2025	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Loans	7,261.15	-	-	7,261.15	7,261.15
	7,261.15	**-**	**-**	**7,261.15**	**7,261.15**
Financial Liabilities:					
Debt securities	145.00	-	-	151.84	151.84
Borrowings (other than debt securities)	6,203.24	-	-	6,193.34	6,193.34
Subordinated liabilities	53.78	-	-	57.39	57.39
	6,402.02	**-**	**-**	**6,402.57**	**6,402.57**

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**

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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

C. **Valuation framework**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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, 2025, 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 investments based on market value i.e. NAV as at reporting date.

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. NA

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

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	Carrying amount of derecognized financial assets	Gain from derecognition
Assignment		
For the year ended March 31, 2025	1,010.00	89.14
For the year ended March 31, 2024	1,640.53	130.30

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.

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. Marginal PD is used in case cash flows/ repayment schedule is available, else cumulative PD is used.

PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

Macroeconomic information (such as agriculture, real GDP, consumer prices, domestic demand, inflation, etc.) 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) Discounting factor (Df)

The discounting factor is computed using the effective interest rate (EIR) for the portfolio.

(e) 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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

(f) Expected credit loss on Loans

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the internal assessment of the historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

i) **Stage 1:** 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12-months is recognized.

ii) **Stage 2:** Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

iii) **Stage 3:** Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal assessment and forward-looking information to assess deterioration in credit quality of a financial asset.

Expected credit loss on other financial assets

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

The Company monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company supplements this by reviewing changes in government bond yields together with available press and regulatory information about issuers.

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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025	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)	511.28	437.04	578.66	1,339.04	2,095.33	1,573.16	95.88	90.73	6,721.12
Debt securities	-	154.50	-	-	-	-	-	-	154.50
Subordinated liabilities	0.57	0.58	0.57	1.73	3.43	64.51	-	-	71.39
Other financial liabilities	108.75	6.27	0.22	0.71	1.36	5.65	4.70	2.35	130.01
Trade payables	55.96	-	20.59	-	0.04	-	-	-	76.59
Total undiscounted financial liabilities	**676.56**	**598.39**	**600.04**	**1,341.48**	**2,100.16**	**1,643.32**	**100.58**	**93.08**	**7,153.61**

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 securi-ties)	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**

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 Asset 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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025	March 31, 2024
0.50 % Increase	31.25	24.48
0.50 % Decrease	(31.25)	(24.48)

(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, 2025, the company has exposure to mutual fund ₹ 2.07 Crore (March 31, 2024 : ₹ 2.06 Crore).

(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, 2025, the Company hedged 100% (March 31, 2024: 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)

"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, 2025	As at March 31, 2024
	USD	**Euro**
Borrowings		
External commercial borrowings	2.50	1.00
Less: Currency swap	2.50	-
Less: Currency and Interest rate swaps	-	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

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025	As at March 31, 2024
Net Debt*	5,567.10	7,084.00
Total equity	1,643.33	2,848.15
Net debt to equity ratio	**3.39**	**2.49**

* 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

Particulars	As at March 31, 2025	As at March 31, 2024
Income Tax (Pending with CIT Appeal)*	29.47	-
Goods & Service Tax Act (Pending with Appellate Authority)	0.01	-
Goods & Service Tax Act (Pending with State Authority)	0.06	-
First Loss Default Given (FLDG) for Business Correspondences Portfolio**	0.72	0.02
	30.26	**0.02**

* These are in respect of demand raised by the Income Tax Authorities for the financial year 2019-20 & 2020-21 which is disputed by the Company before the Appellate Authorities and the amount given is inclusive of interest accrued on demand as at March 31, 2025.

**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 the first loss default guarantee (FLDG) in the form of fixed deposit amounting to ₹ 4 Crore as at March 31, 2025. (March 31, 2024: ₹ 2 Crore) (Refer Note 4)

B. Commitments

There are no outstanding capital commitment as at March 31, 2025 and March 31, 2024.

C. Contingent assets

There are no contingent assets as at March 31, 2025 and March 31, 2024.

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, 2025, the Company does not have any litigations 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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

52 Revenue from contracts with customers

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Type of services		
Facilitation fees (refer note 28)	14.46	41.67
Market support income (refer note 31)	24.77	60.53
Income from business correspondence services (refer note 28)	0.68	-
Income from assigned portfolio management services (refer note 31)	0.20	0.06
Total	**40.11**	**102.26**
(b) Geographical markets		
India	40.11	102.26
Outside India	-	-
Total	**40.11**	**102.26**
(c) Timing of revenue recognition		
Service transferred at a point in time	40.11	102.26
Services transferred over time	-	-
Total	**40.11**	**102.26**

Particulars	As at March 31, 2025	As at March 31, 2024
(d) Trade receivables		
Facilitation fees	0.69	6.33
Market support services	2.23	7.50
Business correspondence services	0.72	-
Assigned portfolio management services	0.05	0.02
Total	**3.70**	**13.85**

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 2 years to 9 years. The Company has branch offices on lease for which 'short term lease' recognition exemption is applied. Accordingly, lease rentals of ₹ 30.22 crore for year ended March 31, 2025 (₹ 23.30 crore for the year ended March 31, 2024) 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, 2025	For the year ended March 31, 2024
Carrying Value as at the beginning of the year	**8.46**	**7.66**
Addition of new assets during the year	2.81	2.23
Deletion of assets during the year	(0.35)	-
Depreciation charged during the year	(1.81)	(1.43)
Carrying Value as at the end of the year	**9.11**	**8.46**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025	For the year ended March 31, 2024
Carrying Value as at the beginning of the year	**10.48**	**9.39**
Addition of new lease during the year	2.81	2.12
Accretion of interest during the year	1.23	0.99
Derecognition of lease during the year	(0.41)	-
Payments made against lease during the year	(2.60)	(2.02)
Carrying Value as at the end of the year	**11.51**	**10.48**

The following are the amounts recognized in statement of profit or loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation expense of Right of use asset (refer note 12)	1.81	1.43
Interest expense on lease liability (refer note 32)	1.23	0.99
Total amount recognized in profit or loss	**3.04**	**2.42**

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, 2025									
Lease Liabilities	0.22	0.22	0.22	0.66	1.33	5.65	4.70	2.34	15.34
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

Total cash outflow for leases for the year March 31, 2025 and March 31, 2024 were ₹ 32.82 crore and ₹ 25.33 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 Registered 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 Extension (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 V (Delhi)	Non-Cancellable Term - 2 Years extendable upto 9 years	September 2024 - September 2033	9.95%
Motor Vehicle	Finance Lease- option to buy at agreed amount at the end of lease period	January 2024 - January 2028	11.00%

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025	As at March 31, 2024
CRAR (%)	22.42%	27.53%
CRAR- Tier I (%)	20.89%	26.60%
CRAR- Tier II (%)	1.53%	0.93%
Amount of subordinated debt raised as Tier-II capital	53.78	53.39
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, 2025 (March 31, 2024 : ₹ Nil)

ii) Exposure to capital market

The Company does not have any exposure to capital market as on March 31, 2025 (March 31, 2024 : ₹ Nil).

iii) Sectoral Exposure #

Sectors	As at March 31, 2025			As at March 31, 2024		
	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	**7,103.54**	**687.05**	**9.67%**	**9,240.76**	**235.22**	**2.55%**
2. Industry						
i) Product Manufacturers	798.74	96.48	12.08%	1,025.72	41.30	4.03%
Total	**798.74**	**96.48**	**12.08%**	**1,025.72**	**41.30**	**4.03%**
3. Service						
i) Others (Micro activities & essential services)	358.40	29.26	8.17%	428.76	29.50	6.88%
ii) Wholesale/Retail Trade	718.89	46.89	6.52%	780.84	31.44	4.03%
Total	**1,077.29**	**76.16**	**7.07%**	**1,209.61**	**60.94**	**5.04%**
4. Personal Loans						
i) Consumer Product Loans	0.35	-	0.00%	-	-	-
Total	**0.35**	**-**	**0.00%**	**-**	**-**	**-**
5. Others, if any (please specify)	-	-	-	-	-	-

This disclosure is prepared based on the principal outstanding of assets under management (AUM) as at reporting date.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

iv) Intra-group exposures

The Company does not have intra-group exposure as on March 31, 2025 (March 31, 2024 : ₹ Nil)

v) Unhedged foreign currency exposure

The Company does not have unhedged foreign currency exposure as on March 31, 2025 (March 31, 2024 : ₹ NIL)

c. Asset liability management:

Maturity pattern of certain items of assets and liabilities as on March 31, 2025

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)	46.39	70.44	323.73	539.57	535.37	1,231.18	1,962.46	1,539.10	76.12	77.66	**6,402.02**
Loans & Advances (Note 2)	124.26	127.15	320.77	494.61	461.04	1,403.07	2,342.06	2,006.60	164.53	80.70	**7,524.79**
Investments	-	-	-	0.07	-	-	-	2.00	-	-	**2.07**

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**

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, 2025

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	425	3.85	0.79	3.06

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

*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.	7-Mar-25	See Note 1	CARE A ; Rating watch with Negative implications	CARE A+ ; Stable
Bank Loan Rating	8,000.00	CRISIL Limited	25-Feb-25	See Note 1	CRISIL A- ; Stable	CRISIL A+ ; (Stable)
Non - Convertible Debenture	145.00	ICRA Limited	21-Feb-25	See Note 1	ICRA A- (Negative)	[ICRA] A+ ; (Stable)
Subordinate Debt (NCD)	55.00	ICRA Limited	21-Feb-25	See Note 1	ICRA A- (Negative)	[ICRA] A+ ; (Stable)
Commercial Paper	50.00	CRISIL Limited	25-Feb-25	See Note 1	CRISIL A1	-
Organization Grading	N.A	CARE Advisory Research and Training Ltd.	3-Jun-24	31-May-25	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, 2025

(₹ in Crores)

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, 2025	March 31, 2024
Complaint received from Customers		
No. of complaints pending at the beginning of the year	60	61
No. of complaints received during the year	4,603	2,723
No. of complaints redressed/disposed during the year	4,012	2,724
out of above, no. of complaints rejected by the Company	550	261
No. of complaints pending at the end of the year	651	60
Maintainable Complaint received from the office of ombudsman		
No. of maintainable received by the Company from the office of ombudsman	85	39
of which, no. of complaints resolved in the favor of Company	82	37
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	3	2

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, 2025				
Contact Details rectification	8	1429	20.49%	12	Nil
Loan & Advances	34	1272	62.24%	203	106
Insurance	5	1160	204.46%	390	267
Staff Behaviour	5	308	102.63%	11	Nil
Credit Bureau related	6	302	190.38%	26	7
	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

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

g. Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2025	As at March 31, 2024
Concentration of Advances		
Total advances to twenty largest borrowers*	3.09	3.00
(%) of advances to twenty largest borrowers to total advances	0.04%	0.03%
Concentration of Exposures		
Total exposure to twenty largest borrowers*	3.09	3.00
(%) of exposures to twenty largest borrowers to total exposure	0.04%	0.03%
Concentration of NPAs		
Total exposure to top four NPA accounts*	0.51	0.40

* Does not include interest accrued

h. Sector wise NPAs*

Particulars	% of NPA to total advances in that sector	
	As at March 31, 2025	As at March 31, 2024
Agriculture & allied activities #	9.67%	2.55%
MSME	12.08%	4.03%
Corporate borrowers	NA	NA
Services	7.07%	5.04%
Unsecured personal loans	NA	NA
Auto loans	NA	NA

* interest accrued on loans have not been considered for above calculation
# including manufacturing & production, trade & retail, CS and others.

i. Movement of NPA's

Particulars	March 31, 2025	March 31, 2024
i) Net NPA to net advances percentage	**0.31%**	**0.61%**
ii) Movement of NPAs (Gross)		
a) Opening balance	297.25	288.89
b) Additions during the year	1,680.81	327.13
c) Reduction during the year (write off)	(1,332.34)	(318.77)
d) Closing balance	**645.72**	**297.25**
iii) Movement of net NPAs		
a) Opening balance	60.32	70.79
b) Additions during the year	(37.89)	(10.47)
c) Reduction during the year	-	-
d) Closing balance	**22.43**	**60.32**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	236.93	218.10
b) Provision made during the year	1,718.70	337.60
c) Write off/ write back of excess provisions	(1,332.34)	(318.77)
d) Closing balance	**623.29**	**236.93**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

j. Investments

Particulars	March 31, 2025	March 31, 2024
1. Value of Investments		
(i) Gross value of investments		
(a) In India	2.07	2.06
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	2.07	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, 2025	26	5,739.38	-	86.32%
March 31, 2024	26	7,921.16	-	88.74%

(ii) Top 20 large deposits - Not applicable

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

(iii) Top 10 borrowings (amount in crore and % of total borrowings)

Particulars	March 31, 2025		March 31, 2024	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings
	3,678.63	57.46%	5,426.78	62.99%

(iv) Funding concentration based on significant instrument/product*

Name of the instrument/product	March 31, 2025		March 31, 2024	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term loans from Banks	5,259.29	79.09%	7,377.48	82.65%
Subordinate Debts	-	-	53.39	0.60%
Non Convertible Debentures	145.00	2.18%	201.59	2.26%
Term Loans from Others Parties (NBFC and FIs)	943.95	14.20%	983.44	11.02%

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

(v) Stock Ratios

Particulars	As at March 31, 2025			As at March 31, 2024		
	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	77.14%	74.27%	59.55%	64.77%	62.52%	47.40%

(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.
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, 2025.

k. Details of assignment transactions:

Particulars	March 31, 2025	March 31, 2024
Total no. of loans assigned	3,36,939	7,07,728
Aggregate book value of loan assigned	1,010.00	1,640.53
Sale consideration received for loan assigned	1,010.00	1,640.53
Aggregate gain / (loss) over net book value	-	-

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

l. Disclosure related to securitization

Particulars	March 31, 2025	March 31, 2024
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, 2025	As at March 31, 2024
1.Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitisation transactions	-	-
2.Total amount of securitised assets as per books of the SPVs sponsored by the Company	-	-
3.Total amount of exposures retained by the Company to comply with Minimum Retention Rate (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss (Cash collateral)	-	-
* First loss (Micro finance loans)	-	-
* Others	-	-
4. Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
* First loss	-	-
* loss	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitizations		
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

m. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2025	March 31, 2024
Provision for non-performing loan portfolio	1,718.70	337.60
Provision for standard portfolio	146.21	23.48
Provision for business correspondence portfolio	0.01	-
Provision for Income Tax (net)	91.53	157.97
Provision for cash loss	1.12	0.77
Provision for gratuity	3.17	2.10
Provision for leave benefits	4.16	3.43
Provision for others financial assets	4.58	3.78
Provision for Employee Contingency	1.80	(0.50)

n. Prudential floor for impairment loss

Assets classification under RBI norms March 31 2025	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**	7,246.14	102.24	7,143.90	31.43	70.81
	Stage II**	256.22	161.40	94.82	1.08	160.32
		7,502.36	**263.64**	**7,238.72**	**32.51**	**231.13**
Subtotal (A)						
Non-performing assets						
Sub-standard	Stage III	645.72	623.29	22.43	171.69	451.60
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)		**645.72**	**623.29**	**22.43**	**171.69**	**451.60**
Total	Stage I	7,246.14	102.24	7,143.90	31.43	70.81
	Stage II	256.22	161.40	94.82	1.08	160.32
	Stage III	645.72	623.29	22.43	171.69	451.60
	Total	**8,148.08**	**886.93**	**7,261.15**	**204.20**	**682.73**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Assets classification under RBI norms March 31 , 2024	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
		10,005.16	**117.61**	**9,887.55**	**42.16**	**75.45**
Subtotal (A)						
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**

"*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, 2025

Particulars	Regulating Authority	Amount*	Reason	Status
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	National Stock Exchange of India Limited ("NSE")	74,340/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the nine days falling in September 2024 quarter i.e. September 22, 2024 September 30, 2024.	Paid
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	BSE	74,340/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the nine days falling in September 2024 quarter i.e. September 22, 2024 September 30, 2024.	Paid
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	National Stock Exchange of India Limited ("NSE")	33,040/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the four days falling in December 2024 quarter i.e. October 1, 2024, to October 4, 2024.	Paid
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	BSE	33,040/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the four days falling in December 2024 quarter i.e. October 1, 2024, to October 4, 2024.	Paid

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

March 31, 2024

Particulars	Regulating Authority	Amount*	Reason	Status
Penalty imposed by RBI and other regulators on the Company during the year.		Nil		

*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, 2025 and March 31, 2024.

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, 2025 and March 31, 2024.

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, 2025 and March 31, 2024.

s. Draw down from reserves

There has been no draw down from reserves for the year ended March 31, 2025 and March 31, 2024.

t. Derivatives

Particulars	March 31, 2025	March 31, 2024
Type of Swap agreements	Currency Swap	Currency and Interest Rate Swap
Notional Principal of swap agreements	208.84	89.04
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreement	0.17	0.01
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swap	-	-
Fair value of the swap book	0.17	0.01

Exchange Traded Interest Rate (IR) Derivatives

The Company has not traded in Interest Rate Derivative during the financial year ended March 31,2025 (March 31, 2024: 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, 2025	March 31, 2024
Derivatives (Notional Principal amount) for hedging	208.84	89.04
Marked to market positions		
Asset (+)	-	-
Liability (-)	(0.17)	(0.01)
Credit Exposure	208.84	89.04
Unhedged Exposure	-	-

u. The Company has no loans outstanding as at March 31, 2025 and March 31, 2024 that are secured against gold.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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 consequent to change in the name of Fusion Finance Limited was issued by Registrar of Companies, Central Processing Centre, Haryana on July 09, 2024 under section 14 of the Companies Act, 2013.

**The amended certificate consequent to change in the name of Fusion Finance Limited was issued by Reserve Bank of India on August 30, 2024.

w. Disclosure of Liquidity risk management

Particulars	For the quarter ended March 31, 2025		For the quarter ended March 31, 2024	
	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)	-	421.20	-	645.29
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	690.84	794.46	754.76	867.97
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	**690.84**	**794.46**	**754.76**	**867.97**
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	786.77	590.08	1,031.94	773.95
12 Total cash inflows	**786.77**	**590.08**	**1,031.94**	**773.95**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	For the quarter ended March 31, 2025		For the quarter ended March 31, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		**421.20**		**645.29**
14 Total net cash outflows		**204.38**		**216.99**
15 Liquidity Coverage ratio (%)		**206.09%**		**297.38%**
Following assets formed part of HQLA				
Assets				
Cash on hand		10.96		12.52
Balances with banks – Current Accounts		410.24		632.77
Total		**421.20**		**645.29**

Particulars	For the quarter ended December 31, 2024		For the quarter ended December 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)	-	513.39	-	634.96
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	697.28	801.87	633.81	728.89
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	**697.28**	**801.87**	**633.81**	**728.89**
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	851.72	638.79	1,012.82	759.62
12 Total cash inflows	**851.72**	**638.79**	**1,012.82**	**759.62**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	For the quarter ended December 31, 2024		For the quarter ended December 31, 2023	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		**513.39**		**634.96**
14 Total net cash outflows		**200.47**		**182.22**
15 Liquidity Coverage ratio (%)		**256.10%**		**348.45%**
Following assets formed part of HQLA				
Assets				
Cash on hand		6.74		15.06
Balances with banks – Current Accounts		506.65		619.90
Total		**513.39**		**634.96**

Particulars	For the quarter ended September 30, 2024		For the quarter ended September 30, 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)	-	781.02	-	511.44
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	783.07	900.53	583.22	670.70
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	**783.07**	**900.53**	**583.22**	**670.70**
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	1,121.91	841.43	1,034.26	775.70
12 Total cash inflows	**1,121.91**	**841.43**	**1,034.26**	**775.70**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	For the quarter ended September 30, 2024		For the quarter ended September 30, 2023	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		**781.02**		**511.44**
14 Total net cash outflows		**225.13**		**167.68**
15 Liquidity Coverage ratio (%)		**346.91%**		**305.01%**
Following assets formed part of HQLA				
Assets				
Cash on hand		12.40		11.42
Balances with banks – Current Accounts		768.62		500.02
Total		**781.02**		**511.44**

Particulars	For quarter ended June 30, 2024		For quarter ended June 30, 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)	-	625.70	-	533.06
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	723.71	832.26	578.09	664.80
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	**723.71**	**832.26**	**578.09**	**664.80**
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	1,065.54	799.16	929.62	697.21
12 Total cash inflows	**1,065.54**	**799.16**	**929.62**	**697.21**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Particulars	For quarter ended June 30, 2024		For quarter ended June 30, 2023	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		**625.70**		**533.06**
14 Total net cash outflows		**208.07**		**166.20**
15 Liquidity Coverage ratio (%)		**300.72%**		**320.73%**
Following assets formed part of HQLA				
Assets				
Cash on hand		11.00		12.18
Balances with banks – Current Accounts		614.70		520.88
Total		**625.70**		**533.06**

Note:

The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein Balance Sheet carries a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the Balance Sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, and (2) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

For the purpose of HQLA the Company considers: (1) Cash on hand, and (2) Balances with banks – Current Accounts. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. As per the guidelines issued by RBI, currently, the Company is required to maintain LCR of 100%.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

x. Schedule to the Balance Sheet of a Non-Banking Financial Company:

S. No.	Particulars	As at March 31, 2025		As at March 31, 2024	
		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	151.04	-	196.03	-
	Debentures : Unsecured (other than falling within the meaning of public deposits)	53.78	-	65.05	-
b	Deferred Credits				
c	Term Loans	6,215.33	-	8,376.11	-
d	Inter corporate loans and borrowings				
e	Commercial Paper				
f	Public Deposit				
g	Other loans (lease liability)	11.51		10.48	-
Asset Side					
2	**Break-up of Loans and Advances including bills receivables :**				
a	Secured	577.12		347.00	
b	Unsecured	7,570.96		9,955.41	
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	0.07		0.06	
(iv)	Government Securities	-		-	
(v)	Others (Please specify)	-		-	

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

S. No.	Particulars	As at March 31, 2025		As at March 31, 2024	
		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		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, 2025 Amount net of provision			As at March 31, 2024 Amount net of provision		
		Secured	Unsecured	Total	Secured	Unsecured	Total
a.	Subsidiaries	-	-	-			
b.	Companies in the same group	-	-	-			
c.	other related parties	-	-	-			
d.	Other than related parties	556.55	6,704.60	7,261.15	338.94	9,608.93	9,947.87
Total		**556.55**	**6,704.60**	**7,261.15**	**338.94**	**9,608.93**	**9,947.87**

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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, 2025		As at March 31, 2024	
		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	-	-	-	-
d.	Other than related parties	2.07	2.07	2.06	2.06
Total		**2.07**	**2.07**	**2.06**	**2.06**

6 Other information

	Particulars	As at March 31, 2025	As at March 31, 2024
		Amount	Amount
	Gross Non Performing Assets		
a.	Related parties	-	-
b.	Other than related parties (refer note 6)	645.72	297.25
	Net Non Performing Assets		
a.	Related parties	-	-
b.	Other than related parties (refer note 6)	22.43	60.32

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

y. Related Party Disclosures

For the year ended on March 31, 2025

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 #	Trust under Control/ Significant Influence	Total
Borrowings :										
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-
Investments :										
Balance at the year end	-	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	0.43	0.43
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	10.14	-	-	-	-	-	10.14
Amount received for partly-paid shares	-	-	-	-	-	-	-	-	-	-
Others :										
Sitting Fees	-	-	-	-	0.58	-	-	-	-	0.58
Commission	-	-	-	-	0.23	-	-	-	-	0.23
Reimbursement of travelling expenses	-	-	-	-	0.03	-	-	-	-	0.03
Share Based Compensation expenses	-	-	-	0.64	-	-	-	-	-	0.64

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

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 #	Trust under Control/ Significant Influence	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
Commission	-	-	-	-	-	-	-	-	-	-
Reimbursement of travelling expenses	-	-	-	-	0.04	-	-	-	-	0.04
Share Based Compensation expenses	-	-	-	-	-	-	-	-	-	-

Entities falls under the category mentioned above are not related parties w.e.f. December 15, 2023. Therefore transactions till Dec 15, 2023 have 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.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

aa. Breach of Covenant

The Company have breached financial covenant of loans availed or debt securities issued by the company as given below:

Instance of financial covenant breached	March 31, 2025	March 31, 2024
1. GNPA	1,590.77	-
2. GNPA, NNPA	179.30	-
3. GNPA, NNPA, PAR60	582.92	-
4. GNPA, PAR30	132.83	-
5. GNPA, Write off, PAR90, NOF, PAR30	22.50	-
6. Operating self sufficiency	347.73	-
7. Operating Self Sufficiency, PAR90	50.00	-
8. Operating self-sufficiency, Return on assets	71.25	-
9. PAR30	296.59	-
10. PAR90	590.55	-
11. Positive PAT	183.68	-
12. Positive PAT, PAR30	145.00	-
13. Rating	269.50	-
14. Return on assets, Return on equity	300.00	-
	4,762.62	**-**

The Company has obtained extension, of less than 12 months and equal to or more than 12 months from testing date for said breaches from lenders whose borrowings as of March 31, 2025 aggregate ₹ 3,748.90 crore and ₹ 331.02 crore respectively. As a result, no demand for immediate repayment is anticipated until the extended date from these lenders. The Company is in discussion with the remaining lenders to obtain similar extensions and no demand for immediate repayment of borrowed fund is made by lenders to date.

ab. Divergence in Asset Classification and Provisioning

There was no instances of divergence in Assets Classification and Provisioning norms identified by RBI which is required to be disclosed as per Scale Based Regulations for the year ended March 31, 2025 (March 31, 2024 : Nil)

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, 2024	0.76	0.04
B	of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2025	-	-
C	of (A), amount written-off during the half year ended March 31, 2025	0.04	0.02
D	of (A), amount paid by the borrowers during the half year ended March 31, 2025. *	0.03	0.02
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, 2025	0.69	-

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

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

56 Details of loans transferred/acquired during the year ended March 31, 2025 and year ended March 31, 2024, 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, 2025	For the year ended March 31, 2024
Number of loans	3,36,939	7,07,728
Aggregate amount of loans (including retention)	1,122.22	1,822.82
Sale Consideration of loans (excluding retention)	1,010.00	1,640.53
Number of transactions	7	9
Weighted average in maturity (in months)	16.73	15.03
Weighted average holding period (in months)	8.48	9.78
Retention of beneficial economic interest by the originator	10.00%	10.00%
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.

57 a) 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) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) No funds have been received by the Company from any other person(s) or entity(ies), including foreign entities ("Funding Parties") with the understanding, whether recorded in writing or otherwise, that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

58 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, 2025.

In respect of accounting software for payroll records, Independent service auditor's System and Organisation Controls (SOC 1) Type 2 report had not concluded whether or not the audit trail feature operated throughout the year for the previous year ended March 31, 2024. In respect of accounting software for loan records, the requirements of audit trail had not been covered in Independent service auditor's System and Organisation Controls (SOC 1) Type 2 report for the previous year ended March 31, 2024.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

59 Analytical Ratios

Particulars	Numerator	Denominator	As at March 31, 2025	As at March 31, 2024	% variance	Reason for Variance
a) Capital to risk weighted assets ratio (CRAR)	Total Capital	Risk weighted assets	22.42%	27.53%	-18.54%	-
(b) Tier I CRAR	Tier -I capital	Risk weighted assets	20.89%	26.60%	-21.45%	-
(c) Tier II CRAR	Tier -II capital	Risk weighted assets	1.53%	0.93%	64.70%	Increase of Tier-II Capital due to increase in impairment on Stage I
(d) Liquidity Coverage Ratio	Total High Quality Liquid Assets	Total net cash outflows	206.09%	297.38%	-30.70%	Decrease in HQLA due to use of cash to make scheduled repayments of indebtedness

Notes to above :

Total risk-weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

Tier I capital means owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

"High Quality Liquid Assets (HQLA)" means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days

60 During the year ended March 31, 2025, the Company recorded an allowance for Expected Credit Loss ("ECL") of ₹ 1,864.91 crore, in respect of loans given, with a corresponding charge to the Statement of Profit and Loss, consequent to a significant increase in credit risk evidenced by slowing and delayed collections. In preparing this statement, the Company has not evaluated whether any of these allowances should have been recognized in any of the prior period presented because of limitations in objectively determining information relating to assumptions and circumstances as it existed in those prior periods. As a result, the Company has concluded that it was impracticable to evaluate and determine any amounts for retrospective recognition and measurement in those prior periods.

61 The Statement for the quarter and year ended March 31, 2025 has been prepared on a going concern basis. As at March 31, 2025, the Company had breached various financial covenants (in respect of borrowings amounting to ₹ 4,762.62 crore as at March 31, 2025) resulting in these borrowings becoming repayable on demand. The Company has obtained extension, of less than 12 months and equal to or more than 12 months from testing date for said breaches from lenders whose borrowings as of March 31, 2025 aggregate ₹ 3,748.90 crore and ₹ 331.02 crore respectively. As a result, no demand for immediate repayment is anticipated until the extended date from these lenders. The Company is in discussion with the remaining lenders to obtain similar extensions and no demand for immediate repayment of borrowed fund is made by lenders to date. Additionally, the Company holds Cash and Cash equivalents and liquid assets aggregating ₹ 798.36 crores in as at March 31, 2025.

Notes to the Financial Statements for the year ended March 31, 2025

(₹ in Crores)

Subsequent to the year end, the Company has completed the rights issue for equity infusion aggregating to ₹ 799.86 crore as mentioned in Note 25 (g).

The Company's ability to continue as a going concern is dependent on obtaining waivers from demand by lenders for immediate repayment of borrowings for a period of at least twelve months from the balance sheet; and / or securing sufficient funds through other sources such as (i) successful sale of loans; (ii) rights issue and (iii) refinancing of borrowings.

Consequently, as a matter of prudence and in compliance with the requirements of Indian Accounting Standard (Ind AS) 12 Income Taxes, the net deferred tax asset (net) carried at ₹ 91.67 crore as of March 31, 2024, has been reversed during the current financial year.

62 The managerial remuneration paid to the Managing Director of the Company is ₹ 6.32 crore for the current financial year which exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 4.81 crore. As per the provision of the act, the excess amount is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming General Meeting. The excess amount is determined as per Schedule V to the Companies Act, 2013.

63 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.

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

Devesh Sachdev
Managing Director
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Sanjay Garyali
Chief Executive Officer

Gaurav Maheshwari
Chief Financial Officer
M. No. 403832

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

Place: Gurugram
Date: May 23, 2025

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONGWITH ANNUAL AUDITED FINANCIAL RESULTS FOR FINANCIAL YEAR ENDED MARCH 31, 2025

Statement on Impact of Audit Qualifications for Financial Year ended March31,2025
(See Regulation 33 of the SEBI (LODR) Regulations, 2015)

	SL. No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
I.	1	Turnover/Totalincome	2,368.89	2,368.89
	2	TotalExpenditure	3,501.90	3,501.90
	3	NetProfit/(Loss)	(1,224.54)	(1,224.54)
	4	EarningsPerShare(Basic)	(111.41)	(111.41)
	5	TotalAssets	8,292.67	8,292.67
	6	TotalLiabilities	6,649.34	6,649.34
	7	NetWorth	1,643.33	1,643.33
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

The Company has not evaluated whether any of the expected credit allowances recognised in the year ended March 31, 2025 should be retrospectively adjusted to the previously reported amounts in any of the prior periods presented because of impracticability asdescribed in Ind AS8, Accounting Policies, Changesin Accounting EstimatesandErrors.Intheabsenceofsufficientandappropriateevidence,auditors are unable to comment on the Company's basis of impracticability to evaluate and determine whether any retrospective adjustment should have been made to previously reported amounts in any of the prior periods presented.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of qualification: First time for financial year 2024-25. This matter was also modified in auditors report on financial results for the quarters ended September 2024 and December 2024.

d. For Audit Qualification(s) where the impact is quantified by the auditor,

Management's Views: Unquantifiable

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

i. Management's estimation on the impact of audit qualification :NA

ii. If management is unable to estimate the impact, reasons for thes ame: The Company has not evaluated whether any of these allowance should have been recognized in any of the prior period presented because of limitations in objectively determining information relating to assumptions and circumstances as it existed in those prior periods. As are sult, the Company has concluded that it was impracticable to evaluate and determineany amounts for retro spective recognition and measurement in those prior periods.

iii. Auditors' Commentson(i) or (ii) above: The Company has not evaluated whet her any of the expected credit allowances recognised in the year ended March 31, 2025 should be retro spectively adjusted to the previously reported amounts in any of the prior periods presented because of impracticability as described in IndAS8, Accounting Policies, Changes in Accounting Estimates and Errors. In the absence of sufficient and appropriate evidence, auditors are unable to comment on the Company's basis of impracticability to evaluate and determine whether any retro spective adjustment should have been made to previously reported amounts in any of the prior periods presented.

Sd/-
Mr. Devesh Sachdev
(Managing Director)

Sd/-
Ms. Namrata Kaul
(Chairperson of Audit Committee)

Sd/-
Mr. Gaurav Maheshwari
(Chief Financial Officer)

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

Sd/-
Mr. Jitendra Agarwal
Partner
(Membership No.087104)

Fusion Finance

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