

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Fusion Micro Finance Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Fusion Micro Finance Limited (the "Company") for the quarter ended December 31, 2021 and year to date from April 1, 2021 to December 31, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 4 of the financial results which describes the impact of economic and social consequences of the CoVID-19 pandemic on the Company's business and financial metrics, particularly the Company's estimates of impairment of loans to customers, which continues to be dependent on uncertain future developments. Our conclusion is not modified in respect of this matter.
6. The Company does not have corresponding quarterly financial results for the quarter December 31, 2020, hence column on corresponding figures for such quarter is not disclosed in the accompanying financial results.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

7. The figures for the corresponding period from April 1, 2020 to December 31, 2020, as reported in these unaudited financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Amit Kabra

Partner

Membership No.: 094533



UDIN: 22094533ACCZGM2048

Gurugram

February 14, 2022

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
CIN: U65100DL1994PLC061287
Registered office address : H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Financial results for the quarter and nine months ended December 31, 2021

Particulars	Quarter ended		Nine months ended		Year ended
	December 31, 2021	September 30, 2021	December 31, 2021	December 31, 2020	March 31, 2021
	Unaudited	Audited	Unaudited	Unaudited	Audited
Revenue from operations					
Interest income	2,769.30	2,302.28	7,571.32	6,038.91	8,275.64
Fees and commission income	4.59	2.19	7.78	3.69	7.19
Net gain on fair value changes	44.72	61.83	201.23	116.10	167.45
Net gain on derecognition of financial instruments under amortised cost category	-	227.59	227.59	-	107.84
Total revenue from operations	2,818.61	2,593.89	8,007.92	6,158.70	8,558.12
Other income	169.54	100.89	329.98	91.49	172.76
Total income	2,988.15	2,694.78	8,337.90	6,250.19	8,730.88
Expenses					
Finance costs					
On financial liabilities measured at amortized cost	1,206.46	1,156.48	3,564.29	2,685.89	3,751.04
Net loss on fair value changes	(2.59)	44.14	79.77	-	-
Impairment on financial instruments	957.82	697.33	2,346.91	1,553.46	2,207.80
Employee benefit expense	612.66	559.95	1,686.27	1,193.24	1,686.40
Depreciation and amortization expense	14.56	11.90	36.62	23.84	38.94
Others expenses	198.73	191.80	536.13	317.43	478.79
Total expenses	2,987.64	2,661.60	8,249.99	5,773.86	8,162.97
Profit before tax	0.51	33.18	87.91	476.33	567.91
Tax expense/(credit):					
Current tax	155.05	(157.77)	140.22	439.06	588.71
Deferred tax	(163.91)	158.84	(137.91)	(311.83)	(460.24)
Income tax expense	(8.86)	1.07	2.31	127.23	128.47
Profit after tax for the period/year	9.37	32.11	85.60	349.10	439.44
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement gains/(loss) on defined benefit plans	2.20	4.38	2.74	-	0.04
Income tax effect	(0.55)	(1.11)	(0.69)	-	(0.01)
Total other comprehensive income	1.65	3.27	2.05	-	0.03
Total comprehensive income for the period/year	11.02	35.38	87.65	349.10	439.47
Earnings per share (equity share, par value of Rs. 10 each)					
Computed on the basis of total profit for period/year					
Basic earnings per share (BEPS) *	0.11	0.38	1.06	4.42	5.56
Diluted earnings per share (DEPS) *	0.11	0.38	1.04	4.36	5.49

*BEPS and DEPS for the Quarter ended December 31, 2021, September 30, 2021 and nine months ended December 31, 2021, December 31, 2020 are not annualised

Place: Gurugram
Date: February 14, 2022



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

Devash Sachdev
Managing Director and CEO



Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
CIN: U65100DL1994PLC061287
Registered office address : H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Financial results for the quarter and nine months ended December 31 , 2021

Annexure I

Disclosures as per Regulation 52(4) & 54 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015

(Rs in millions unless otherwise stated)

Particulars	Nine months ended December 31, 2021
(i) Debt-equity ratio (Times) *	4.02
(ii) Net worth **	13,236.43
(iii) Net profit after tax	85.60
(iv) Earnings per share (EPS) (Face Value of 10/- each):	
(a) Basic EPS before & after extraordinary items (net of tax expense) - not annualized	1.06
(b) Diluted EPS before & after extraordinary items (net of tax expense) - not annualized	1.04
(v) Total debts to total assets #	0.78
(vi) Net profit margin (%) ##	1.03%
(vii) Sector specific equivalent ratio include following:	
(a) Gross Stage III (%) @	5.52%
(b) Net Stage III (%) @@	2.42%
(c) Provision coverage :\$	57.58%
(d) Capital risk adequacy ratio (CRAR) %-Total \$\$	22.55%
(viii) Capital redemption reserve/debenture reserve	-
(ix) Outstanding redeemable preference shares	-

Notes:

(i) Definitions to above ratio's

* Debt-equity ratio = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities)/Net worth.

** Net worth represents our total equity, which includes equity share capital and other equity derived from our Financial Statements as on December 31, 2021.

Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities)/total assets

Net profit margin = Net profit after tax/ total income.

@ Gross Stage III (%) = Gross Stage III Loans EAD/Gross Total Loans EAD. Exposure at default (EAD) includes loan balance and interest thereon. Stage -III loans has been determined as per Ind AS 109

@@ Net Stage III = (Gross Stage III Loans EAD - Impairment loss allowance for Stage III)/(Gross Total Loans EAD - Impairment loss allowance for Stage III).

\$ Provision coverage = Total Impairment loss allowance for Stage III/ Gross Stage III Loans EAD

\$\$ Capital risk adequacy ratio = Adjusted net worth/risk weighted assets, calculated as per RBI guidelines.

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

(iii). As per Regulation 54(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, assets coverage ratio as on December 31, 2021, is 1.10 times of Non-convertible debentures outstanding as on December 31, 2021.

Place: Gurugram
Date: February 14, 2022



Fusion Micro Finance Limited

Devesh Sachdev
Managing Director and CEO



Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
(CIN: U65100DL1994PLC061287)
Registered office address: H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Financial results for the quarter and nine months ended December 31, 2021

1. The financial results for the quarter and nine months period ended December 31, 2021 have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors at their meetings held on February 14, 2022. Fusion Micro Finance Limited ("the Company") has prepared these financial results in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations, 2015") and the accounting standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and relevant provisions of the Companies Act, 2013, as applicable. The results for the quarter and nine months period ended December 31, 2021, have been reviewed by the Statutory Auditors of the Company.
2. The company operates in a single business segment i.e., lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The company operates in single geographic segment i.e., domestic.
3. The Company, during the quarter and nine months ended December 31, 2021, has transferred 1,45,901 and 1,74,641 number of equity shares respectively, each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
4. The continuing impact of COVID-19 on the global economy and how governments, businesses and customers respond to is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management estimates and judgements. Further, on account of resurgence of Covid-19 pandemic in India during nine months period ended December 31, 2021, the Reserve Bank of India introduced Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses vide circular DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 with the objective of alleviating the potential stress to individual borrowers and small businesses. In accordance with the circular, the Company has identified the eligible borrowers and those who agreed with the resolution plan were extended the support under the framework for relief from stress of Covid-19.

For the nine months period ended December 31, 2021, the Company has incorporated estimates, assumptions and judgements specific to the impact of CoVID-19 pandemic and the associated restructuring discussed above in the measurement of impairment loss allowance. The impairment loss allowance on loan portfolio as at December 31, 2021 stood Rs.3,321.54 Mn, which is subject to uncertainty on account of factors explained above and as a result, actual loss may differ.

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

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

(Rs in millions unless otherwise stated)

S. No.	Description	JLG loans	MSME loans
A	Number of requests received for invoking resolution process	88,611	48
B	Number of accounts where resolution plan has been implemented under this window.	85,454	25
C	Exposure to accounts mentioned at (B) before implementation of the plan.	1,336.74	5.23
D	Of (C), aggregate amount of debt that was converted into other securities.	-	-
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation.	-	-
F	Increase in provisions on account of the implementation of the resolution plan*	133.67	0.52

*Represents impairment loss allowance maintained as per regulatory requirement

6. As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on December 31, 2021, the Non- convertible debenture of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on debenture. Further, the Company has maintained asset cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of these debentures at all times.
7. Company has availed the exemption provided under SEBI circular SEBI/HO/DDHS/CIR/2021/0000000637 dated October 5, 2021, as regard to disclosure for corresponding quarter results ending December 31, 2021.
8. The figures for nine months ended December 31, 2020, are approved by the Board of Directors and are not subject to limited review by Statutory Auditors of the Company.



9. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.
10. The financial results for the quarter and nine months ended December 31, 2021, including the ratio of Gross Stage 3 Loans EAD to the total Gross Total Loans EAD and Net Stage 3 Loans EAD to the total Gross Total Loans EAD less Impairment loss allowance for Stage 3, are prepared in accordance with the applicable Ind AS and the RBI Circular dated March 13, 2020 - "Implementation of Indian Accounting Standards". The Company additionally complies with the Reserve Bank of India ("RBI") circular dated November 12, 2021, "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - clarifications " for regulatory reporting, as applicable.
11. Details of loans transferred/acquired during the quarter ended December 31, 2021, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:
- (i) The Company has not transferred any non-performing assets (NPAs).
 - (ii) The Company has not acquired any loans through assignment.
 - (iii) The Company has not acquired any stressed loan.
12. Analytical ratios and other disclosures pursuant to "Listing Regulations, 2015" are disclosed to the extent applicable to NBFC-MFI Company in Annexure I.
13. Previous periods/year figures have been regrouped / rearranged wherever necessary to conform with current period's classification.
14. The above financial results are available on the stock exchange website (www.bseindia.com) and the website of the Company (www.fusionmicrofinance.com).

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



Devesh Sachdev
Devesh Sachdev
Managing Director & CEO

Place: Gurugram
Date: February 14, 2022

