

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

We have audited the accompanying statement of quarterly and year to date financial results of Fusion Micro Finance Limited (the "Company") for the quarter ended March 31, 2022 and for the year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2022 and for the year ended March 31, 2022.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 7 of the financial statements which describes the impact of economic and social consequences of the CoVID-19 pandemic on the Company's business and financial metrics, which continues to be dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Auditor's Responsibilities for the Audit of the Financial Results

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

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 Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 results 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

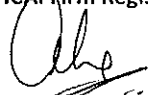
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Amit Kabra

Partner

Membership No.: 094533

UDIN: 22094533AIMTFG9354

Gurugram

May 6, 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 year ended March 31, 2022

Particulars	(Rs in millions unless otherwise stated)			
	Quarter ended		Year ended	
	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021
	Audited*	Unaudited	Audited	Audited
Revenue from operations				
Interest income	3,071.87	2,769.30	10,643.19	8,275.64
Fees and commission income	6.08	4.59	13.86	7.19
Net gain on fair value changes	46.42	44.72	247.65	167.45
Net gain on derecognition of financial instruments under amortised cost category	380.36	-	607.95	107.84
Total revenue from operations	3,504.73	2,818.61	11,512.65	8,558.12
Other income	220.82	148.61	500.84	172.76
Total income	3,725.55	2,967.22	12,013.49	8,730.88
Expenses				
Finance costs	1,365.54	1,182.94	4,959.64	3,751.04
Impairment on financial instruments	1,340.02	957.82	3,686.93	2,207.80
Employee benefit expense	644.39	612.66	2,330.66	1,686.40
Depreciation and amortization expense	17.09	14.56	53.71	38.94
Others expenses	202.16	198.73	738.29	478.79
Total expenses	3,569.20	2,966.71	11,769.23	8,162.97
Profit before tax	156.35	0.51	244.26	567.91
Tax expense/(credit):				
Current tax	(10.45)	155.05	129.77	588.71
Deferred tax	34.85	(163.91)	(103.06)	(460.24)
Income tax expense	24.40	(8.86)	26.71	128.47
Profit after tax for the period/year	131.95	9.37	217.55	439.44
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement gains on defined benefit plans	0.22	2.20	2.96	0.04
Income tax effect	(0.05)	(0.55)	(0.74)	(0.01)
Total other comprehensive income	0.17	1.65	2.22	0.03
Total comprehensive income for the period/year	132.12	11.02	219.77	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) #	1.59	0.11	2.67	5.56
Diluted earnings per share (DEPS) #	1.58	0.11	2.64	5.49

*Refer Note 13

#BEPS and DEPS for the quarter ended March 31, 2022, December 31, 2021 are not annualised

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

Devesh Sachdev
Managing Director and CEO



Place: Gurugram
Date: May 06, 2022



Notes:

Note 1 - Statement of Assets and Liabilities is given below :

(Rs in millions unless otherwise stated)		
Particulars	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
ASSETS		
Financial assets		
Cash and cash equivalents	10,113.72	12,154.20
Bank balance other than cash and cash equivalents	1,422.26	1,198.36
Trade receivables	43.42	27.93
Loans	59,181.94	43,607.30
Other financial assets	668.65	300.76
Total financial assets	71,429.99	57,288.55
Non-financial assets		
Current tax assets (net)	353.61	119.58
Deferred tax assets (net)	867.56	765.28
Property, plant and equipment	122.04	102.74
Right of use asset	69.17	78.19
Intangible assets	0.71	1.90
Other non- financial assets	61.74	23.09
Total non-financial assets	1,474.83	1,090.78
Total assets	72,904.82	58,379.33
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Derivative financial instrument	77.11	-
Trade payables	-	-
total outstanding dues of micro enterprises and small enterprises	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	176.59	113.06
Debt securities	7,837.76	9,904.50
Borrowings (other than debt securities)	48,294.66	33,250.79
Subordinated liabilities	1,625.67	1,167.21
Other financial liabilities	1,334.32	1,265.98
Total financial liabilities	59,346.11	45,701.54
Non-financial liabilities		
Current tax liabilities (net)	1.04	53.98
Provisions	71.68	80.76
Other non-financial liabilities	106.48	79.50
Total non-financial liabilities	179.20	214.24
Total liabilities	59,525.31	45,915.78
EQUITY		
Equity share capital	827.60	790.37
Other equity	12,551.91	11,673.18
Total equity	13,379.51	12,463.55
Total liabilities and equity	72,904.82	58,379.33



Note 2 - Statement of Cash flow is given below:

(Rs in millions unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Audited	Audited
Cash flow from operating activities		
Profit before Tax	244.26	567.91
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	53.71	38.94
Impairment of financial instruments	3,686.93	2,207.80
Finance cost on lease liability	8.88	5.30
Provision for gratuity	26.07	17.90
Provision for compensated absences	21.38	20.31
Other provisions	(27.51)	2.73
Net gain on sale of mutual fund investment	(247.65)	(167.45)
Net gain on derecognition of financial instruments under amortised cost category	(607.95)	(128.15)
Employee share based compensation	39.24	30.40
Amortisation of processing fees	(57.31)	(5.88)
Net foreign exchange differences	(43.81)	-
Fair value loss on derivative financial instruments	77.11	-
Profit on sale of assets	-	(1.00)
Operating cash flow before working capital changes	3,173.35	2,588.81
Movement in working capital:		
Increase in loans	(19,259.56)	(12,374.28)
(Increase)/decrease in trade receivables	(15.49)	3.46
Decrease in other financial assets	213.99	47.95
(Increase)/decrease in other non- financial assets	(38.65)	10.22
(Increase)/decrease in bank balance other than cash and cash equivalents	(225.91)	1,571.37
Increase in trade payables	63.60	72.36
Increase in other financial liability	71.15	668.07
Increase in other non-financial liabilities	26.98	17.54
Cash flow from operations	(15,990.54)	(7,394.50)
Income tax paid	(416.74)	(535.75)
Net cash flow from operating activities (A)	(16,407.28)	(7,930.25)
II. Cash flow from investing activities		
Purchase of property, plant and equipments	(62.77)	(75.41)
Purchase of intangible assets	(0.05)	(2.45)
Purchase of investments	(67,650.00)	(43,330.00)
Proceeds from sale of investments	67,897.65	43,502.45
Net cash flow from investing activities (B)	184.83	95.58
III. Cash flow from financing activities		
Proceeds from issue of equity shares	656.95	4.79
Repayment of debt securities	(2,531.01)	6,577.19
Proceeds from debt securities	450.00	(20,036.34)
Repayment of borrowings (other than debt securities)	(25,905.28)	28,711.21
Proceeds from borrowings (other than debt securities)	41,043.00	-
Proceeds from Subordinated debt	550.00	-
Repayment of Subordinated debt	(70.00)	(4.12)
Payment of lease liability	(11.69)	-
Net cash (used)/flow from financing activities (C)	14,181.97	14,592.20
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(2,040.48)	6,757.53
Cash and cash equivalents at the beginning of the year	12,154.20	5,396.67
Cash and cash equivalents at the end of the year	10,113.72	12,154.20



Note 3

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

(Rs in millions unless otherwise stated)

Particulars	Year ended
	March 31, 2022
(i) Debt-equity ratio (Times) *	4.32
(ii) Net worth **	13,379.51
(iii) Net profit after tax	217.55
(iv) Earnings per share (EPS) (Face Value of 10/- each):	
(a) Basic EPS before & after extraordinary items (net of tax expense)	2.67
(b) Diluted EPS before & after extraordinary items (net of tax expense)	2.64
(v) Total debts to total assets #	0.79
(vi) Net profit margin (%) ##	1.81%
(vii) Outstanding Redeemable Preference Shares	-
(viii) Capital Redemption Reserve	Not applicable
(ix) Debenture Redemption Reserve	Not applicable
(x) Sector specific equivalent ratio include following:	
(a) Gross Stage III (%):@	5.71%
(b) Net Stage III (%) @@	1.71%
(c) Provision coverage :&	71.26%
(d) Capital risk adequacy ratio (CRAR) %-Total	21.94%

Notes:

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

** Network is calculated as defined in section 2(57) of Companies Act 2013.

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

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

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

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

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

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



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 year ended March 31, 2022

4. The financial results have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors at their meetings held on May 06, 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 year ended March 31, 2022 are audited by the Statutory Auditors of the Company.
5. 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.
6. The Company, during the quarter and year ended March 31, 2022, has issued nil 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).
7. The uncertain economic environment as result impact of COVID-19 continues to prevail as infection rates continue change on a regular basis. On account of resurgence of Covid-19 pandemic in India during year ended March 31, 2022, 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 year ended March 31, 2022, the Company has incorporated estimates, assumptions, and judgements specific to the impact of COVID-19 pandemic in its assessment of business model, going concern, measurement of impairment loss allowance including relating to the restructuring discussed above. These estimates, including the impairment loss allowance on loan portfolio which stood at Rs. 3603.50 Mn as at March 31, 2022 is subject to uncertainty on account of factors explained above and the actual results may differ.

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

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

(Rs in millions unless otherwise stated)			
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

9. As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on March 31, 2022, all Secured non- convertible debenture of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on debenture. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of these non-convertible debentures at all times.
10. 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 March 31, 2021.



11. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact on the period the Code becomes effective.

12. Details of loans transferred/acquired during the quarter ended March 31, 2022, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

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

(Rs in millions unless otherwise stated)

Particulars	Transferred (MFI loans)	Acquired
Aggregate amount of loans transferred/acquired	4,683.33	-
Weighted average in maturity (in months)	16.13	-
Weighted average holding period (in months)	8.52	-
Retention of beneficial economic interest by the originator	10.00%	-
Tangible security cover	111.11%	-
Rated wise distribution of rated loans	Not applicable	-

(ii) The Company has not transferred any non-performing assets (NPAs).

(iii) The Company has not acquired any loans through assignment.

(iv) The Company has not acquired any stressed loan.

13. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022, and the unaudited published year-to-date figures up to December 31, 2021, being the date of the end of the third quarter of the financial year which were subjected to limited review.

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

15. 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
(Formerly known as Fusion Micro Finance Private Limited)



Devesh Sachdev
Managing Director & CEO

Place: Gurugram

Date: May 06, 2022



Annexure I
Disclosure of related party transactions for year ended March 31, 2022
(In accordance with Regulation 23 (9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Names of the related party and nature of relationship:-

Nature of relationship	Designation	Name
Key Management Personnel	Managing Director and Chief Executive Officer	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari
	Company Secretary and Compliance Officer	Deepak Madaan
	Independent Director	Ms. Namrata Kaul
		Ms. Ratna Dharashree Vishwanathan
		Mr. Pankaj vaish*
	Nominee Director	Mr. Narendra Ostawal Mr. Kenneth Dan Vander Weele
Entities exercising significant influence over the Company	Shareholder	Creation Investments Fusion, LLC, Chicago, U.S.A. Creation Investments Fusion II, LLC, Chicago, U.S.A. Honey Rose Investment Ltd
Entities with common directors	Directors	Vivriti Capital Private Limited
Post Employment benefits plan	Gratuity Trust	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund

* Mr. Pankaj Vaish was appointed as an Additional Director on September 22, 2021 and was regularised as an Independent Director w.e.f December 18, 2021

Items/related Party	Directors	Key management Personnel (KMP)	Entities with common directors	Total
Remuneration paid		691.90		691.90
Expenses for receiving services from	3.91			3.91
Loan and processing fee thereupon			253.75	253.75

Related parties are in accordance with IND AS-24 Related Party Disclosures and SEBI guidelines

Place: Gurugram

Date: May 06, 2022



For and on behalf of the Board of Directors of
FUSION MICRO FINANCE LIMITED
Formerly known as Fusion Micro Finance Private Limited)

Devesh Sachdev
Managing Director and CEO

