Fusion Microfinance

Tenacity & Progression

Fusion Micro Finance Limited | Annual report 2021-22

"Success has always been achieved only by those who dared to believe that something within them was superior to circumstances."

TENACITY & PROGRESSION

These 2 words truly embody our journey through 2021 as a year and our growth as a more stronger, resilient and confident franchise.

8,000 'Fusionites' stand tall today as those who were smart enough to adjust their sails when the wind changed its direction, as those who had 'baptism by fire' as they surmounted many a challenge thrown up by unforeseen events during the last 5-6 years.

Tenacity
has had been the bedrock of our foundation. A solid attribute which over the years has created a 'crisis-hardened resilient' and a 'sustainable growth oriented' enterprise that steadfastly continues on its mission to serve the unserved in more parts of Rural India... year after year...

Conviction in our core strategy of being a diverse, pan India, responsible lender delivering financial services in a transparent trustworthy manner at the doorstep of our large underserved Rural populace - has been our guiding North Star...

Progression
for us in not just a word... at Fusion it symbolizes a culture that has been interwoven in our DNA, in our mindset.

..."to dream one needs effortless sleep, but to make it a reality...
one needs sleepless efforts"

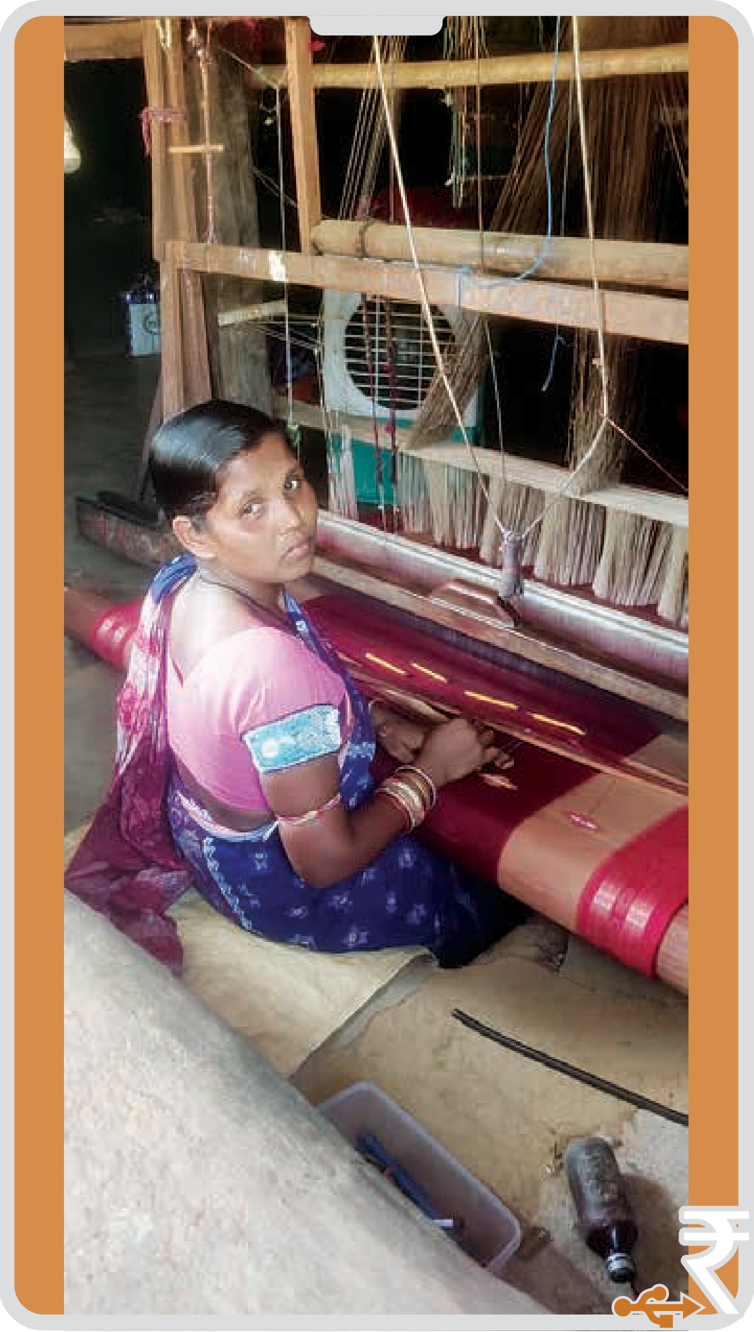
CLOSER to the end of the year 2020 - as a nation, as a company, as individuals - we were all hoping that the unforeseen misery unleashed by nature on its people, on the global economy... would cease with the rising sun of a new year.

But 2021 belied all those hopes and showed no respite in terms of impact or intensity. Wave 2 took with it many precious lives, destroyed many more families and bludgeoned many established enterprises across the world - almost irreparably. The global economy was staring down the barrel, just wanting to keep its head above the water somehow, just wanting to stay alive long enough to be able to see the light at the end of the tunnel. So was India.

And Fusion was as much in the center of this maelstrom as any other company in the country. But we had a proud history of not only managing various crisis over the last few years but emerging smarter, sharper and stronger after each one.

On hindsight, how we managed and braved through 2021, will go down in Fusion's corporate legacy as an inspirational inflection point -

Tenacity and Progression being the hallmark of our response to the challenge...



Challenges that we faced

- In our business, where regular human interface / customer engagement is the core of the model- the tough lock-downs threatened to halt all our activities. Social distancing guidelines had to be mandated for people's safety. All this was directionally opposite to how a high touch business process ran. The direct impact of this was on our ability to collect installments and disburse afresh to meet our customers' requirements while ensuring our people's health safety as well
- Covid wave 2 and the related lock-downs in early parts of 2021were compounding the damage that 2020 had caused. And it was especially tough for people with limited means as sequential phases of 'no work' meant more severe impact on their income and hence their ability to run their household, meet basic needs of food and health leave alone pay for treatment once struck with the virus. It was particularly hard for people at the bottom of the pyramid, our customers in rural parts of the country. The direct impact of this was on their ability to service their existing debt repayment hence impacting their credit score and avenues to secure future funding for their livelihood activity

How did we navigate these challenges?

We derive our strength from our people, our customers - both of whom demonstrated exceptional tenacity and unwavering resilience to not allow circumstances to get better of them.

Our assessments of situations have always been bottoms up. We give utmost importance to feedback from our field team comprising of highly skilled and experienced executives who are deeply rooted to their specific geographies, customers and on-ground dynamics. Inputs received from them are then combined with data analysis to build contours of our calibrated strategy - segregated region, state and district wise.

The need of the hour was to avoid taking any knee jerk action given that the sector and Fusion in particular had been through such unforeseen crisis in the past as well and the fact that as a senior management team of seasoned professionals we had successfully managed many such cycles in our careers.

ONE

FOR OUR PEOPLE

- We ensured that every single employee was mapped for health status and engaged with regularly. On a daily basis across levels
- Hygiene kits were made available at all Branches
- Covid infection heat maps issued by government - at the center and in states - were monitored regularly to plan employee movement and branch operations given the phased lock-downs
- A comprehensive Covid Policy for employees was launched covering:
  - Medical treatment including hospitalisation wherever required
  - Vaccination Cost Reimbursement for both dozes
- Not a single position was rationalised, not a single rupee reduction done in Fixed or Variable payout
- Regular communication on status updates,social distancing norms, hygiene standards was carried on

TWO

FOR OUR CUSTOMERS

'Resilient' is one word that best describes our customers in their face-off with this unforeseen challenge that they too endured in 2021. And it is this virtue of theirs that strengthened our resolve in not deviating from our mission of being a responsible trustworthy partner for them and staying the course on our core strategy of delivering financial services to them in adequate, seamless and affordable measure - at all times... We always believed that every challenge also brings with it a few opportunities and that is where we directed our focus:

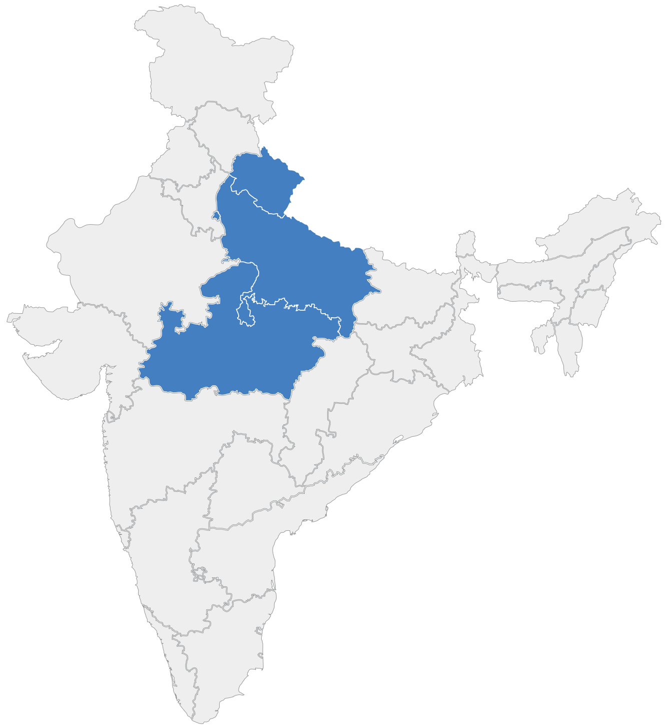
- Kudos to the government for continuing to run all its infra projects and employment generation schemes in rural parts of the country even when cities were facing lock-downs. Given that 93% of our portfolio is also rural - the forces aligned... our strategy of operational readiness in those branches combined well with sustained economic activity and hence it became a catalyst for revival of their livelihood generation activities and funding support from us for the same
- Our tenacity and our progressive orientation amidst challenges helped us reach out to many more underserved/unserved customers resulting in addition of 209 new branches and more than 6 lakh new borrowers to the Fusion family last year helping us register a solid 46% growth in our AUM (assets under management) and a 67% increase in disbursements... year on year
- 2021 also gave us the opportunity to create the phase 2 of our Cashless Collections, a pure play UPI enabled mobile phone-based payments platform for our customers. Every customer got her own unique QR code that captured all relevant details about the loan and made it easy for them to pay cashless specially while maintaining social distancing guidelines. This development complemented Cashless Collections infrastructure that had started in 2018 wherein we had partnered with the merchant networks of payment banks / other service providers
- We also automated our field processes to ensure seamless wing to wing processing and customer servicing. The goal was to eliminate frictions in customer facing processes and build robust checks and balances to create capacity for managing larger volumes and reducing turnaround time

This also helped us develop a 'green channel' sort of processing mechanism for our existing customers, helping us create a differentiator worthy of their loyalty and vintage with us.

All these innovations helped us in improving on our average turn around time to just 5 days sourcing to disbursement.

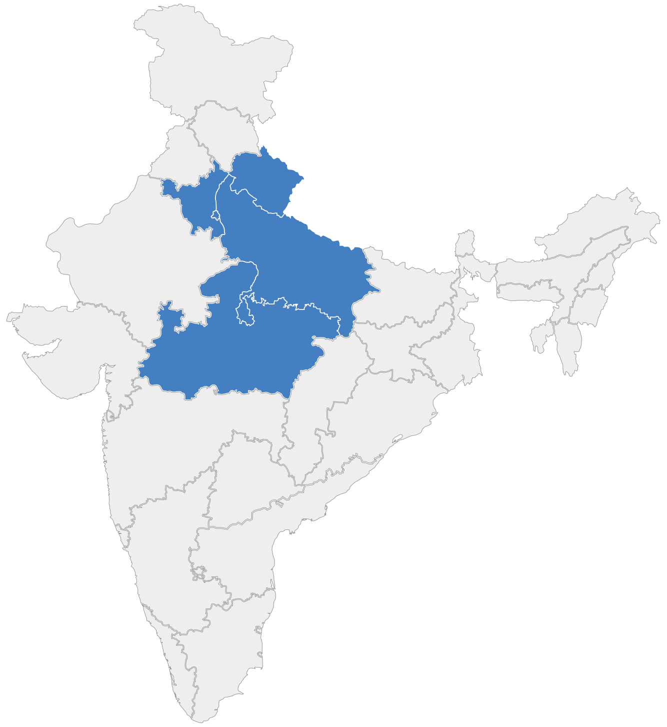
We are now richer with the experience of having successfully managed another challenge and demonstrate capability to grow organically in a sustainable manner. A **'future ready team'** that today proudly wears the tag of being *Tenacious & Progressive* having proved themselves by delivering consistently across cycles.

OUR PROGRESSION OVER THE LAST SEVEN YEARS



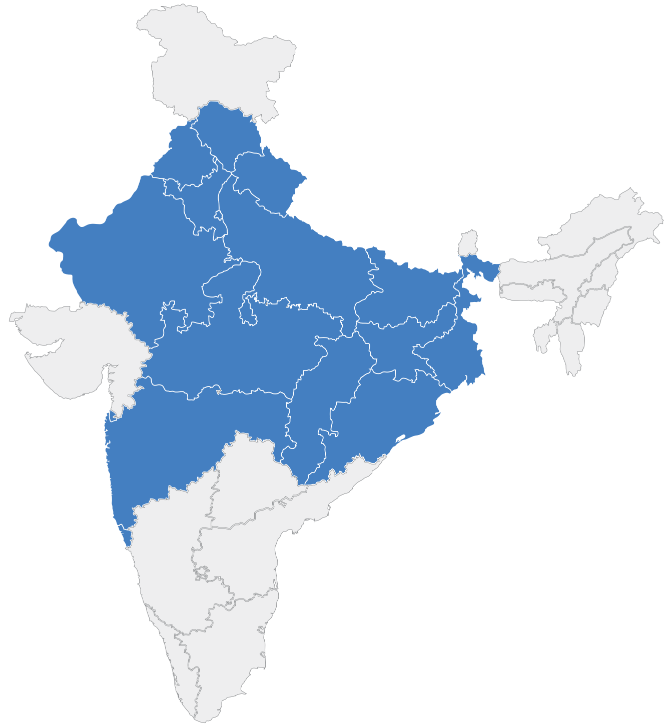
FY14

4	States of presence
41	Branches
295	Team size
1,27,721	Customers
168.3	Disbursements (FY)
0	Cashless Disbursements (%)
0	Cashless Collection (%)
24.96	Revenue (₹ crore)
3.01	Net Profit (₹ crore)



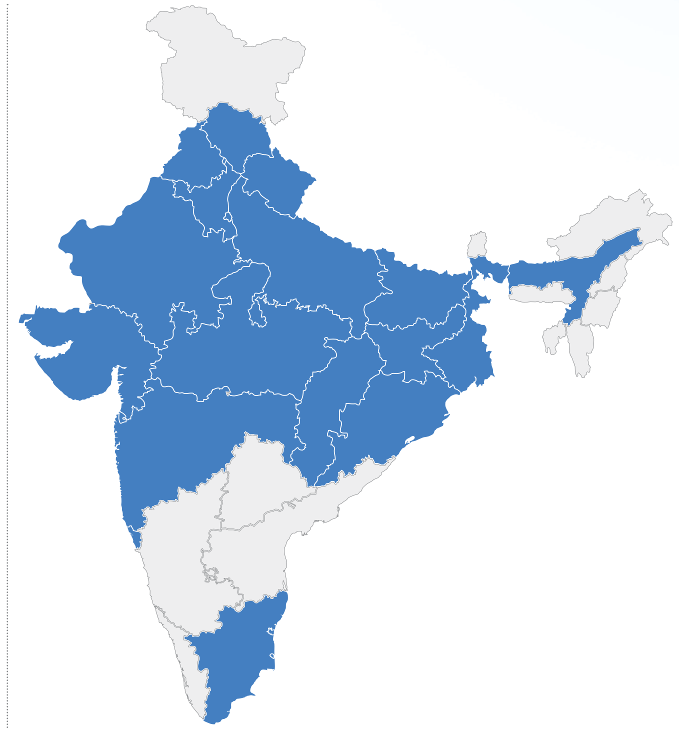
FY15

5	States of presence
75	Branches
591	Team size
2,20,913	Customers
326.37	Disbursements (FY)
0	Cashless Disbursements (%)
0	Cashless Collection (%)
54.94	Revenue (₹ crore)
5.31	Net Profit (₹ crore)



FY18

14	States of presence
375	Branches
3,202	Team size
1,022,999	Customers
1727.59	Disbursements (FY)
41.36	Cashless Disbursements (%)
0	Cashless Collection (%)
267.31	Revenue (₹ crore)
(39.41)	Net Profit (₹ crore)



FY22

18	States of presence
934	Branches
8,716	Team size
2,72,3449	Customers
6,179.78	Disbursements (FY)
94.12	Cashless Disbursements (%)
30.41	Cashless Collection (%)
1201.35	Revenue (₹ crore)
21.76	Net Profit (₹ crore)

FROM THE DESK OF OUR **MD & CEO MR. DEVESH SACHDEV**

OUR focus on key strategic initiatives along with investments in technology, building newer capabilities, network and people will help us deepen our customer relationships and expand our addressable market

Dear Shareholders,

FY22 started with a much deadlier Covid wave which was fast spreading and increasingly fatal. The overall impact on human lives was far more than we had ever experienced in our lives. At Fusion, we lost some of our team members too during this trying time, which was very unfortunate. My heart goes out to all those families who have lost their loved ones during this health crisis.

However, amongst these unprecedented challenges over the last two years, two very strong virtues that the Company embodied and demonstrated were Tenacity and Progression. And as has been the case always, our Company has come out stronger after every such unforeseen event be it demonetisation or the global pandemic.

In FY22, we added 209 new branches and more than 6 lakh new customers, our disbursement and portfolio grew by 67% and 46% respectively, while our revenue increased by 38%. These numbers underscore our conviction in our mission and our strategy to bring many more underserved/unserved customers in Rural India into the organised financing ecosystem. These results again demonstrate the fact that Tenacity and Progress have been our hallmark while navigating challenges.

Moreover, in the last five years, even as our business environment remained uncertain owing to factors such as demonetisation, liquidity crunch and the recent health crisis - our Company has grown at a healthy pace - our portfolio grew by 45% over the same period.

The challenges over the last five years, have taught us to be future ready. We have focused on strengthening our core by investing in people, processes, technology and building capabilities as we envision future opportunities. One key initiative in this direction was starting our MSME vertical three years ago. We are happy to share that our pilot project in this space has been successful. We have created 34 branches, enrolled 5,016 customers and built a portfolio of Rs 139.12 crore as on March 31, 2022.

So why did we pilot the MSME vertical?

Our MSME initiative is part of our future-readiness road map, born out of our understanding of the landscape in which we operate our in-house capabilities, our growth aspirations and our target customer group. This initiative gives us the opportunity to serve markets adjacent to our existing business space and sustain our growth momentum.

On our part, we wanted to expand our addressable market beyond the MFI space. From our customer's perspective, we understood that a large number of our microfinance clients aspired to move up the ladder. For this journey, they would require larger loans.

An integral requirement of this customer segment was to assess the risk and disburse high-ticket loans for which we needed more analytical and comprehensive credit assessment capabilities of their venture and cashflows.

Our MSME vertical helped us achieve just that as a first step.

Our Regulator, the Reserve Bank of India (RBI) deserves a lot of credit for creating a conducive policy environment for deepening financial inclusion.

Microfinance sector is the strongest testament to that. The sector has undergone significant changes over the last decade. Regulated framework laid down in 2011 post Malegam Committee Report was only for the NBFC-MFIs. However, many changes transpired since then with the Banks, SFBs and NBFCs increasing their focus on this sector. The NBFC - MFI share, as a result, came down to only 35% in this space.

Recently, the RBI announced new harmonised guidelines applicable to all regulated entities which were made applicable from April 1, 2022. Some of the key aspects addressed by these new guidelines are as follows:

a) It directs a major policy shift to asset class-based regulations over 'legal form', effectively plugging the gap which was responsible for regulatory arbitrage.

b) The new guidelines focus on better client credit assessment through the concept of FOIR (Fixed Obligation to Income Ratio). This endeavors to ensure that clients are not over indebted and are served adequately.

c) The other important aspect is removing the margin caps and deregulating pricing. As per the new guidelines, the pricing framework is to be decided by a company's Board leading to implementation of risk-based pricing, providing the necessary fillip to innovation and wider coverage of hitherto unserved parts of the populace. It is a change in basic assumptions and will usher in a new era for the sector.

Going forward, our focus on key strategic initiatives being pursued, along with investments in technology, building newer capabilities, network and people will help us deepen our customer relationships, expand our addressable market, and power growth in the years ahead.

In closing, I would like to thank my colleagues on the Board for their invaluable guidance in contouring the long-term blueprint of the Company, the leadership team for their patience and perseverance in drawing up the Company's business plan and monitoring its execution to the last detail. I thank the entire Fusion team for the discipline, dedication, and determination in elevating the position of the Company in our business space with each passing year.

I also take the opportunity to thank our debt providers, vendors and all other stakeholders for believing in us and supporting us in our journey thus far.

We continue to solicit your support going forward.

Warm regards
Devesh Sachdev
MD & CEO

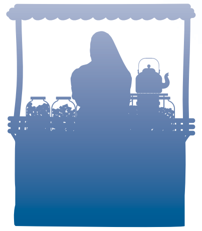
GIVING WINGS TO HER DREAMS

Fusion as an organization was set-up in 2010 & is a registered NBFC - MFI which operates in a Joint Liability Group lending model of Grameen.
Our clients comprise mainly of women living in rural and semi-urban areas. Our focus is reaching out to unbanked and providing financial services to women entrepreneurs belonging to the economically and socially deprived section of the society. Our responsibilities are not restricted merely to financial support but also to acquaint the clients to manage their financials by disseminating Financial Literacy to them. Fusion believes in robust business practices, transparent policies expressed in our Customer Centric efforts towards our Clientele. Fusion aspires to create value and balanced growth for all its stakeholders while keeping clients at the centre.

FINANCIAL INCLUSION | ATMANIRBHAR INDIA | DIGITAL INDIA

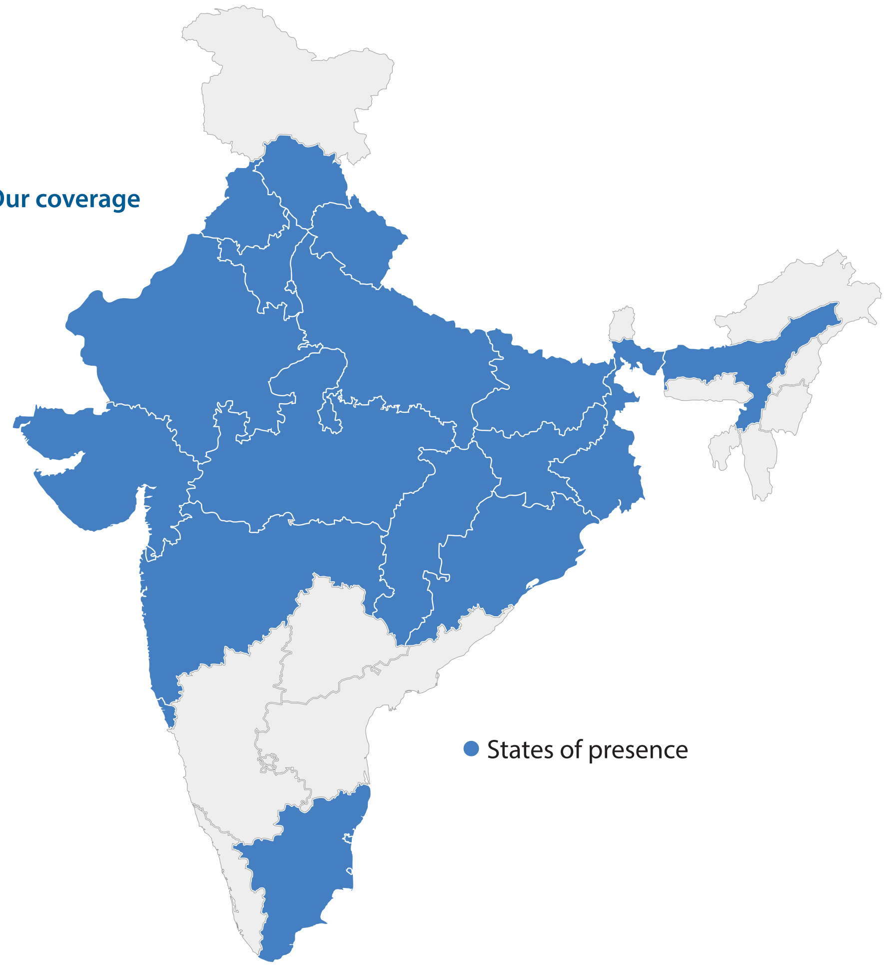
Our products

Microfinance
Microfinance, is the provision of small credit to low-income individuals or groups who otherwise would have no other access to financial services.

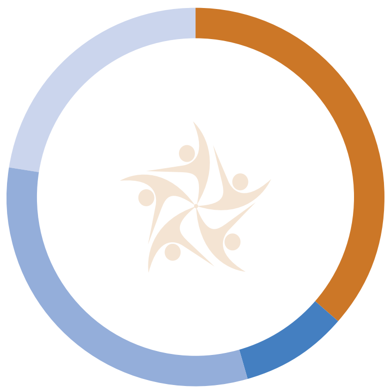


MSME
Serving serve the "Missing Middle" segment of MSME, which is aspiring to increase their contribution in the economic growth of the country.

Our coverage

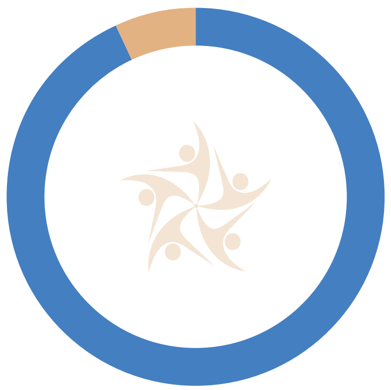


934
Branch network (March 31, 2022)



- North: 36.4%
- South: 9.2%
- East: 31.9%
- Central: 22.5%

2.79mn
Customers (March 31, 2022)

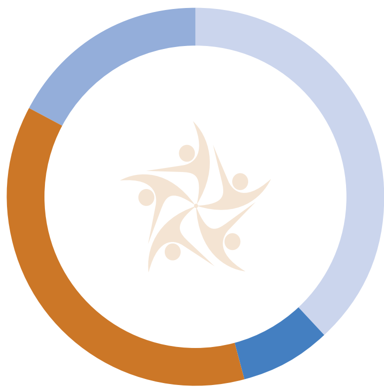


- Rural: 93.2%
- Urban/Semi-urban: 6.8%

6,179.78
Disbursements (FY22) (₹ crore)

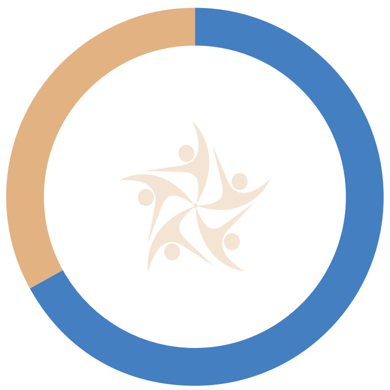
- North: 38.2%
- South: 8.0%
- East: 36.4%
- Central: 17.5%

6,785.97
Assets under Management (FY22) (₹ crore)

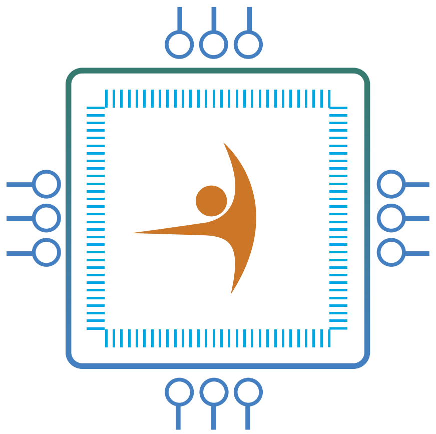


- North: 38.1%
- South: 7.9%
- East: 36.7%
- Central: 17.2%

8,716
Team size (March 31, 2022)



- Non-Field force: 32.9%
- Field force: 67.1%



Business size

1,337.95
Networth
(₹ crore)
March 31, 2022

7,652
Total assets
(₹ crore)
March 31, 2022

4.32
Debt-equity
(x)
March 31, 2022

PROGRESS IN **FY22**

OUR BUSINESS PROGRESS THROUGH THE MONTHS

H1

18.7 %

Customer addition (net)

Customers as on

September 30, 2020	September 30, 2021
1,896,356	2,250,115

176.98 %

Growth in Disbursements

Disbursements

H1/2020-21 (₹ crore)	H1/2021-22 (₹ crore)
856.34	2,371.86

36.98 %

Growth in Revenue (net)

Revenue

H1/2020-21 (₹ crore)	H1/2021-22 (₹ crore)
390.54	534.97

(72.1) %

Growth in Net Profit

Net profit

H1/2020-21 (₹ crore)	H1/2021-22 (₹ crore)
27.42	7.66

H2

28.35 %

Customer Addition (net)

Customers as on

March 31, 2021	March 31, 2022
2,121,873	2,723,449

33.43 %

Growth in Disbursements

Disbursements

H2/2020-21 (₹ crore)	H2/2021-22 (₹ crore)
2,853.96	3,807.92

38.10 %

Growth in Revenue (net)

Revenue

H2/2020-21 (₹ crore)	H2/2021-22 (₹ crore)
482.55	666.38

(13.4) %

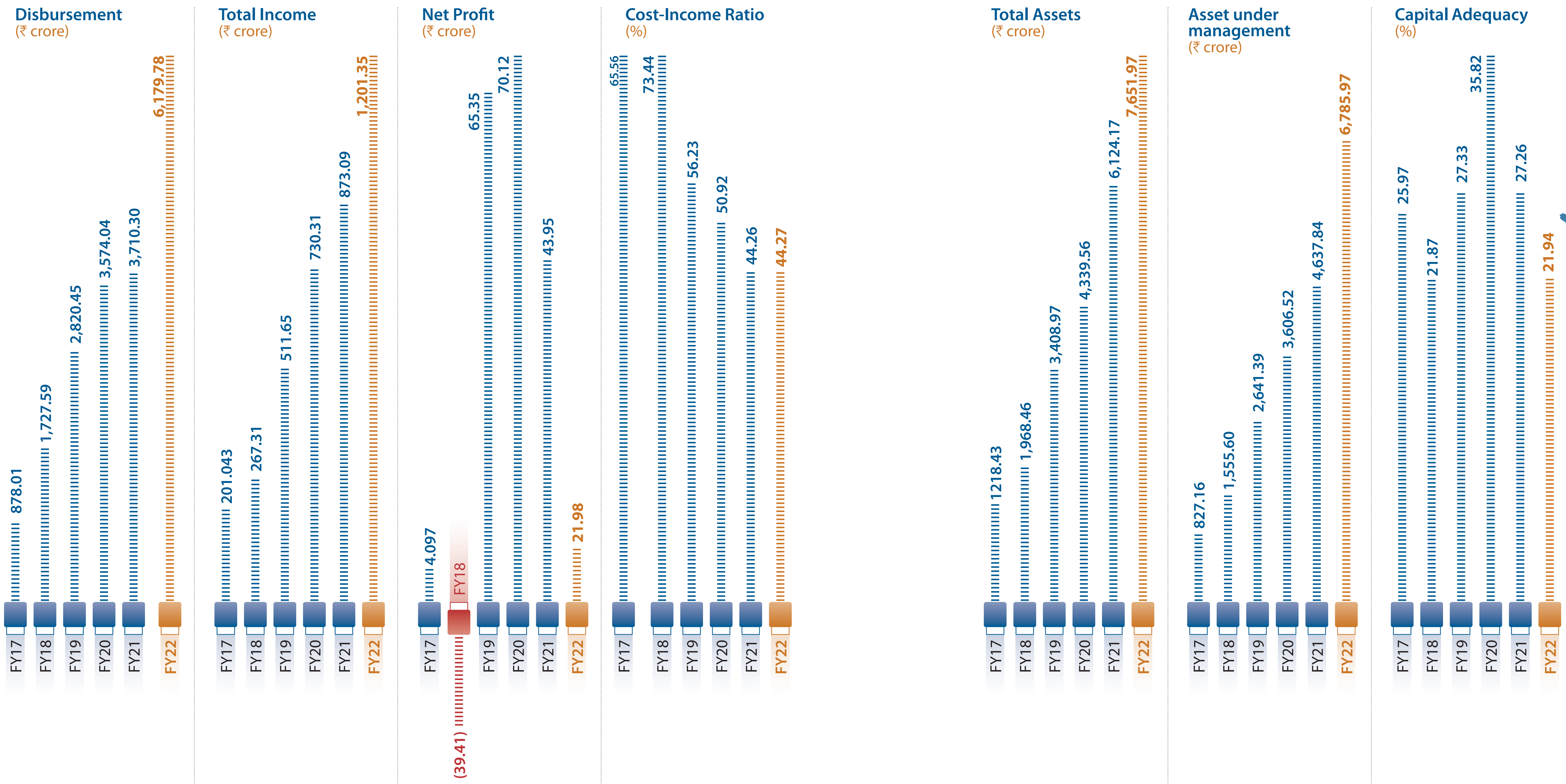
Growth in Net Profit

Net profit

H2/2020-21 (₹ crore)	H2/2021-22 (₹ crore)
16.53	14.32

Key Progression Indicators

Fusion's tenacity of being better every day, has enabled it to sustain its growth over the years.



MICROFINANCE - A TENACIOUS SECTOR THAT CONTINUED TO PROGRESS...

THE programme of linking Self Help Groups (SHGs) to banks was started on a pilot basis by the National Bank for Agriculture and Rural Development (NABARD) in the year 1991-92. What began as a humble approach of improving the outreach of the banking system and deepening rural credit, has, over decades, transcended into a holistic programme for building financial, social, economic, and of late, technological capital in rural India.
The model found its acceptance with the poor.

Hitherto, their fund providers in times of an emergency were local moneylenders and pawnbrokers who charged usurious interest rates including some physical collateral. If repayments were delayed, naming and shaming was a usual practice amongst the moneylenders, which then became a social issue as well. Microfinance did away with all this, it emerged as cost-effective and more respectable way to improve one's livelihoods and lives.

Microfinance industry in India is diverse with several types of players delivering financial services - credit, insurance and pension- to the low-income households. Their legal and operating environment differs and hence, over the years, regulation has become a vital topic for the microfinance industry.

With the banks, NBFC-MFIs and now SFBs engaged in micro finance delivery, RBI has stepped in with several policy directives to bring in uniformity and standards in the operating structure and retail service processes for enhancing transparency and customer protection.

In recent years, the focus on technology and digitization of processes by MFIs has helped to streamline operations, reduce costs and turnaround time for customer servicing.

"We got rid of colonialism, we got rid of slavery, and we got rid of apartheid - everyone thought each one of them was impossible. Let's take the next impossible, do it with joy and get it finished with and create a world free from poverty. Let us create the world of our choice."
Mohammad Yunus

A tenacious and progressive sector

History has it that when India's financial sector or the economy at larger has been hit by a crisis, majority of the brunt arising out of the challenge is usually borne by the microfinance sector. This is so because it caters to the most economically vulnerable segments of the country.

Despite the hardships, the sector has survived and become better and more resilient after each crisis. The progressive nature of this business space has neatly woven the lessons learnt into business processes to report a healthy rebound after the roadblock.

These learnings helped the MFI sector during the Covid-19 pandemic that ravaged economies across the globe.

The Covid-19 challenge: 2020 was the real test for the microfinance sector. Covid-19 and the lock-downs instituted to curb its spread brought every business, small and large, to a sudden and complete halt. It took a very heavy toll on small and micro enterprises - because they had little or no cash reserves to fall back upon. In turn microfinance organisation who finance these ventures were adversely impacted.

While the Government moved in with speed to rescue MFIs through policy and financial support, the MFIs almost immediately adopted the "phygital" (physical + digital) connection with their clients.

Using technology, they crafted solutions tailored to the unique situation of their clients, enabling them to get through the peak of the pandemic-led disruption. Moreover, digital disbursements and collections enabled MFIs to continue to connect with their clients, even during the lock-down.

The MFIs' ability to adopt a cost-effective transition to phygital way of work has been key to their resilience - it has also positioned them as important contributors to the broader recovery.

As the economy progressed in 2020 and entered 2021, the MFI sector's tenacity and progress gained the spotlight. By early 2021, Indian microfinance providers were addressing the financial needs of 60 million unique customers, across 620 districts in 28 states and eight Union Territories. The industry has a portfolio size of ₹2.32 trillion, some MFIs reported a collection efficiency more than 90% by the close of FY21.

FY 22 in retrospect: Fiscal 2021-22 too started on an uncertain note owing to second wave of the pandemic which has spread considerably faster in rural areas and resulted in significantly higher infections, and resultant local lock-downs. It impacted business volumes of microfinanciers during the first half owing to poor collections and curtailed fresh lending. Asset quality metrics weakened owing to the localised lock-downs impacting borrowers' cash flows, - this resulted in a dip in the collection efficiency of MFI players.

From the second half of FY22 however, economic activity returned to near-normal resulting in healthy rise credit demand.

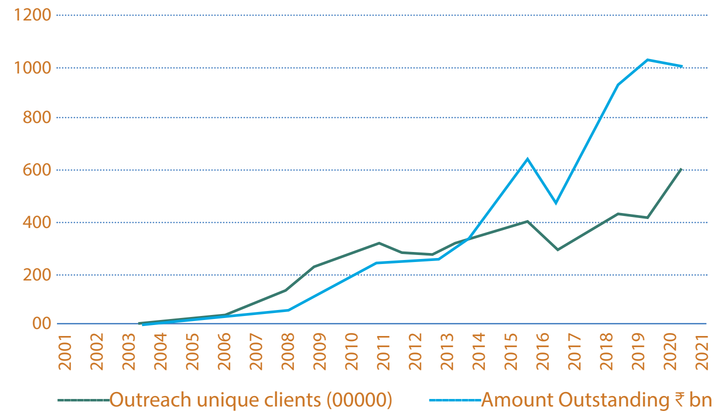
MFI Universe: Based on data as on 31 March 2022 (Q4 FY 21-22) for loans originated after February 2017, microfinance industry has total loan portfolio (i.e., loan amount outstanding) of ₹2,85,441 crore, including DPD 180+ portfolio of ₹23,624 crore. The total number of active loans accounts was 11.3 crore with 5.8 crore unique borrowers as on 31 March 2022. The loans originated after February 2017 represents 99.1% of the total industry portfolio, 98.1% of the loan accounts and 99.5% of unique borrowers of "Ever MFI data" (loans originated after January 2014).

NBFC-MFI segment: As on March 1, 2022, the on-balance sheet portfolio of 84 NBFC-MFIs was ₹1, 00,407 crore, spread across 611 districts of 35 states and union territories. The data shows an increase in portfolio of around 24.7% over the last year. Overall health of the portfolio has improved on a YoY basis as reflected by PAR>30 of 10.1% as on March 31 2022, in comparison to 12.1% as on March 31, 2021. There has been a marked improvement in PAR>30 in comparison to the previous quarter as well.

MFI Loans - a priority by the top bank

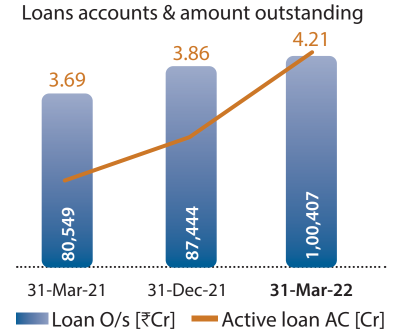
The RBI's strategy to categorise small MFI loans from small finance banks as a priority sector is expected to boost the lending to the former segment. While the scheduled commercial banks have historically funded large microfinance institutions, they have been reluctant to sanction the loans to smaller players in the microfinance space. It is expected that RBI's measure will result in incremental funding to the sub-₹500 crore microfinance institution segment to an extent of ₹2000-3000 crore over the current financial year.

(Source: https://www.ndtv.com/business/reserve-bank-of-india-rbi-measures-for-microfinance-institutions-rs-30-000-crore-debt-funding-likely-in-2021-22-repot-2439757)

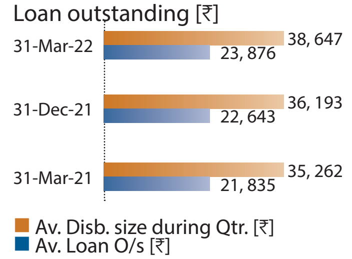


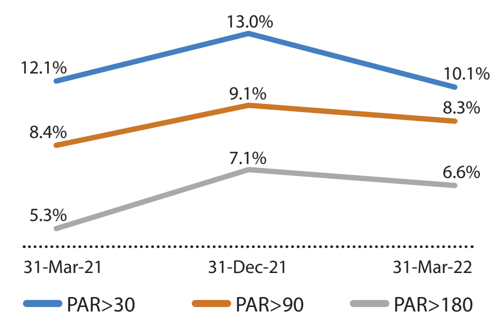
Key performance indicators

Loans accounts & amount outstanding



Average disbursement & Loan outstanding [₹]





Portfolio quality of NBFC-MFIs

SAFEGUARDING OUR BUSINESS

FUSION'S business of micro lending is concentrated largely in rural parts of the country with the unserved/underserved women in those areas as its target segment.

A network of 900 plus branches spanning 18 states, 360+ districts, ~ 100000 villages and addressing ~2.8 million customers with retail financial unsecured product comes with its own set of challenges in terms of set up and day to day monitoring and management. Managing operational risk in the business of Micro Finance is critical for success.

Fusion has achieved sustainable growth across the years under such a challenging environment owing to its disciplinedfocus on operational excellence and risk management. Assessment of risk is a critical component of decision making. The company has a dedicated Risk Management team that constantly maps the sectoral ecosystem for identifying possible risks and drawing the contours of a relevant mitigation strategy.

The team's efforts in striking a prudent balance between business risks and sectoral opportunities have been a key contributor to our progress year-on-year even amidst strong headwinds.

Mentioned below are some of the risks that could probably impede the Company'sprogress towards its envisioned goals and their mitigation measures:

01 Risks that may impact our ability to **sustain growth**

Q. The MFI sector has registered high double digit growth over the last decade. It has covered every corner of the nation and is serving almost every district in every state. Does this suggest that the growth momentum could decelerate?

A. India has a large rural population that has been the growth engine for its economy over the last 5-6 years especially with the launch of the JAM trinity (JanDhan accounts, Aadhar and Mobile). Microfinance has played a pivotal role in ensuring furtherance of financial inclusion in the country. Data suggests that with an expansive coverage by all MF practitioners, penetration of microfinance in eligible rural households has only now been able to reach levels of 35%-40% on an aggregate basis based on last recorded 2011 census… clearly stating there is significant potential for growth. However, since this too is based on 2011 census data - we need to bake in organic increase in the addressable population i.e. growth in organic demand and on top of that requirement demand as customers' financial requirements would need to be in tandem with their aspirational growth year on year.

Therefore, we are very optimistic that the sector has the potential to register significant growth in the next 5-8 years as well considering the fact that not only our population has increased considerably since then but a large part of our populace would still remain unaddressed in addition to the demographic dividend that would accrue from earlier stated numbers.

Fusion has over the years, set up its business and network to leverage such opportunities optimally and will continue to grow sustainably as a leading responsible micro financier in the years to come.

Q. Growing the businesses would require significant amounts of funding. Does the Company have the financial muscle to fund its growth aspirations?

A. Fusion is one of India's leading microfinance players in India that enjoys a very strong reputation with the financing community as a very reliable customer. It has an impeccable record of timely repayments and the same has been reflecting in the Credit Rating of the Company. The Company enjoys credit lines from all the major Public Sector Undertaking (Banks & Institutions), Private and Multi National Banks. The Company is also building capabilities to tap debt capital markets through various instruments. Further a strong Balance Sheet and a low debt-equity ratio allow the Company to secure additional funds, when required, to fund its strategic growth initiatives.

Q. In a people-led business, retaining key people at leadership positions is critical for sustained growth. How is the Company able to manage leadership retention?

A. Micro Finance is a "touch" centric model and our people are our bridge with the end customer. Given this criticality, we have always focused on building career paths for individuals within the organisation, ensuring commonality of goals that converge towards mutual progression. Our initiatives of continuous engagement across levels, empowering people with decision making, investing in their competency enhancement / overall growth and providing leadership opportunities to those who deserve have demonstrated our belief sufficiently and today when 16 of our 18 states our headed by people who grew within the ranks - it sends out a very strong message of the meritorious growth oriented culture that we have strived to build over the years at Fusion. The fact that we were certified as a 'Great Place to Work' in our debut year of participating and the next year as well is a validation of our people centric approach across the years.

Additionally - since inception, Fusion has believed in building a family that grows together and hence has in place an ESOP scheme that not only covers the top leadership team but also ensures coverage of the mid management level creating a sense of ownership and loyalty amongst its people.

02 Risks that may impact the **quality of our business**

Q. In a rapidly expanding and growing business, there are chances that certain malpractices could creep in, leading to revenue loss. This needs to be plugged before it snowballs into large losses - revenue and reputation. Does the Company have the bandwidth and tools to arrest leakages and loopholes?

A. Mindful of this reality, Fusion has taken important steps to ensure that all possible slippages are identified early and plugged to ensure that they do not recur. For this, the Company has:

One, two separate teams - the Audit team and the Risk management team with clear KRAs and functionalities to protect the Company from all kinds of frauds and malpractices through rigorous review mechanism.

Two, as part of the Audit digitisation, the Audit team uses data analytics for more incisive audit which enables it to identify and zero-in on areas of concern by exception which in earlier years remained undetected at the initial stages.

Three, geotagging of branches and group meeting locations allows the audit team to undertake surprise audits with ease - the number of such audits have increased substantially in recent months. This has mandated the field staff to remain on their toes at all times.

Four, the Company is working on creating a specialised Fraud control unit with the key responsibility of early detection of fraud and plugging gaps in a manner that such incidents do not recur.

Q. Diversification is the name of the game. Especially when sustainable business operations are the goal. Does the Company make a conscious effort in diversifying its assets and liabilities?

A. Diversification was our core strategy from day one. And our footprints across the country today stand testimony to the fact that we have 'walked the talk'. We operate in 18 states and 368 districts. None of the states that we are in contribute more than 20% to our overall asset book and 5 of our TOP states together make up for 65% of our portfolio.

Our conviction in diversifying our presence across the country has not only helped us identify and leverage growth opportunities but has also helped mitigate concentration risks and provided us with a solid platform to insulate us relatively better during unforeseen events like Demonetisation, Floods / Draughts, Pandemics like Covid etc…

Our growth has been organic and granular, calibrated strategically to ensure we stand true to our mission of being a pan -India inclusive financier.

Liabilities: The Company enjoys healthy business relations with multiple banks and financial institutions. Moreover, the treasury team continues to expand its funding partner's year on year - thereby eliminating the possibility of an over-dependence on any single funding partner category. As far as diversification is concerned, we had a diversified mix of 57 lenders, comprising a range of private banks (40.2%), public banks (13.4%), foreign banks (15.1%), development financial institutions (13.4%), NBFC (9.1%) and foreign portfolio investors ("FPIs") (8.8%) (excluding direct assignment).

03 Risks that may impact **business profitability**

Q. Cost of operations increases with the expansion of business geographically. Does the Company have the tools to optimise operations costs?

A. Fusion has formulated an IT Strategic Roadmap for the next 3 years that closely aligns with business growth plans. It is focussed on technology investments to be ahead of the curve and seamlessly manage growing business volumes without increasing costs proportionately.

The multi cloud strategy adopted for enterprise applications enabled the agility in responding to dynamic business requirements across geographies with highly scalable solutions in most cost-efficient manner.

Repetitive tasks such as data entry and quality check are being automated using Robotic Process Automation to handle growing business volumes without increasing human capital.

The emphasis on digital transformation such as app-based customer on boarding, paperless processing, cashless disbursements, & UPI payment collections has reduced the operating expenses to large extent. The tech enabled features like geo tagging helps in optimising the revenue & collection by enhancing employee productivity and better monitoring on real time basis.

Q. How else is Fusion working on strengthening organisational profitability?

A. At Fusion, we have over the last 3-4 years made significant investments in our Branch Network, Technology Platform, Operational Capacity, and Learning & Development... and we are now well positioned to pivot for growth in the coming years by harnessing the economies of scale, organic growth avenues, and productivity levers and cross selling opportunities. These initiatives along with our sustained focus on optimising costs will drive organisational profitability.

Moreover, the new RBI guidelines have de-regulated pricing of loans, which provides an interesting opportunity to improve business margins.

OUR SUSTAINABLE IMPACT

ENVIRONMENTAL INITIATIVES, SOCIAL RESPONSIBILITY, PURPOSEFUL GOVERNANCE AND SUSTAINABLE DEVELOPMENT GOALS AT ITS ROOTS

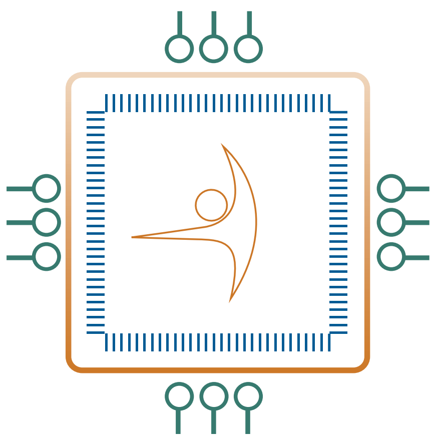
AT Fusion, 'Environmental', 'Social' and 'Governance' (ESG) principles have been embedded in the business. The entire processes and systems are strengthened to execute responsible E&S actions. The company has a strong commitment towards environmental sustainability, effective governance, human well-being and social equity. From serving the disadvantaged and marginalized stakeholders in aspirational district to social & environmental stewardship programs for the communities. The company is upholding integrity, ethics, and responsibilities towards its stakeholders.

We are conscious about our 'Green Footprint' and have taken several steps to achieve that. We have adopted paperless operations through deployment of cashless disbursement of loans into customers' bank accounts achieving 95% success rate and exercising digital on-boarding of clients. We have offered bi-cycle as cross-sell product promoting a pollution-free mode of transport and educated people about digital payments through digital literacy programs all together.

Environmental sustainability is deep-rooted into ethos of Fusion. The company has focused intervention to safeguard the environment and reducing negative effects through its CSR initiatives such as sustainable farming, greening the forest area, protecting water sources in villages, and curbing the menstrual waste. Meanwhile, the economic empowerment of women entrepreneurs had a direct impact on migration to urban/semi-urban areas reducing the burden on infrastructure and environment.

Fusion believes in protecting the interest of its stakeholders (e.g. customers, employees, shareholders, government, regulators, & associated organizations) and strives to create long-term value for them.The company ensures fair treatment of its employees, safe working environment, well-being, capacity building while enacting non-discrimination, diversity, and inclusion. Sustainable growth is practiced in and around its operational areas by creating job opportunities for youth, supporting local workforce and employment generation through the businesses financed by us.

While keeping ESG performance at the centre, strategic efforts are undertaken to practice sustainable finance by conforming to International Finance Corporation's (IFC) Exclusion List which is part of the World Bank Group to assess loan applications from E&S perspective. Fusion under no circumstances funds those businesses which could have negative impact on certain aspects of society and environment.



The Exclusion Criteria is listed below:

1	Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
2	Production or trade in weapons and ammunitions
3	Production or trade in alcoholic beverages (excluding beer and wine)
4	Production or trade in tobacco
5	Gambling, casinos and equivalent enterprises
6	Trade in wildlife or wildlife products regulated under CITES
7	Production or trade in radioactive materials
8	Production or trade in or use of unbounded asbestos fibers
9	Purchase of logging equipment for use in primary tropical moist forest
10	Production or trade in pharmaceuticals subject to international phase outs or bans
11	Production or trade in pesticides/herbicides subject to international phase outs or bans
12	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
13	Production or activities involving harmful or exploitative forms of forced labour/harmful child labour
14	Commercial logging operations for use in primary tropical moist forest
15	Production or trade in products containing PCBs
16	Production or trade in ozone depleting substances subject to international phase out
17	Production or trade in wood or other forestry products from unmanaged forests
18	Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals
19	Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples
20	Production of or trade in pornography, or the provision of products or services of substantially similar nature
21	Pornography
22	Prostitution
23	Not engaged in production or mining of coal
24	Additionally, no discrimination is practiced towards the people on basis of ethnicity, disability, political affiliation, sexual orientation, caste and religion

In continuing to play a positive role towards communities, environment, and governance; Fusion's social initiatives are aimed at helping the nation in successfully achieving its commitment to the United Nations Sustainable Development Goals (SDGs). The company has been positively contributing to 7 Global Goals out of 17 SDGs set by the United Nations General Assembly.

1 NO POVERTY

End poverty in its all forms everywhere

2 ZERO HUNGER

End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being at all ages

4 QUALITY EDUCATION

Ensure equitable and quality education and promote lifelong learning opportunities

5 GENDER EQUALITY

Ensure gender equality and empowerment

6 CLEAN WATER AND SANITATION

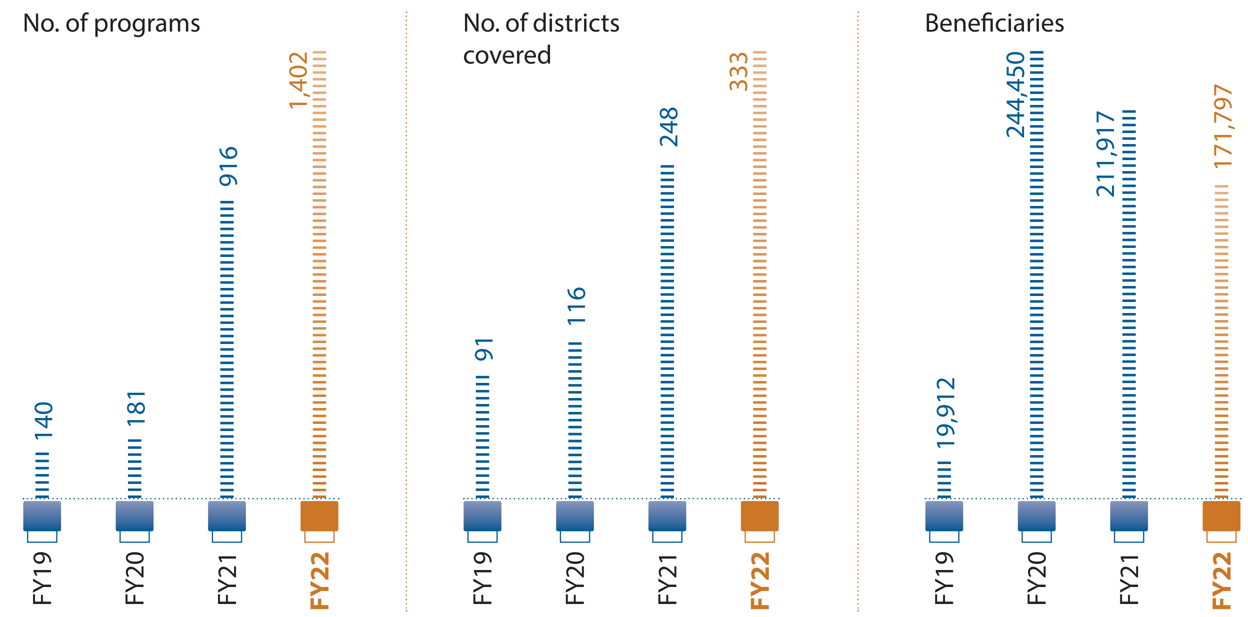
Ensure availability and sustainable management of water and sanitation for all

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts

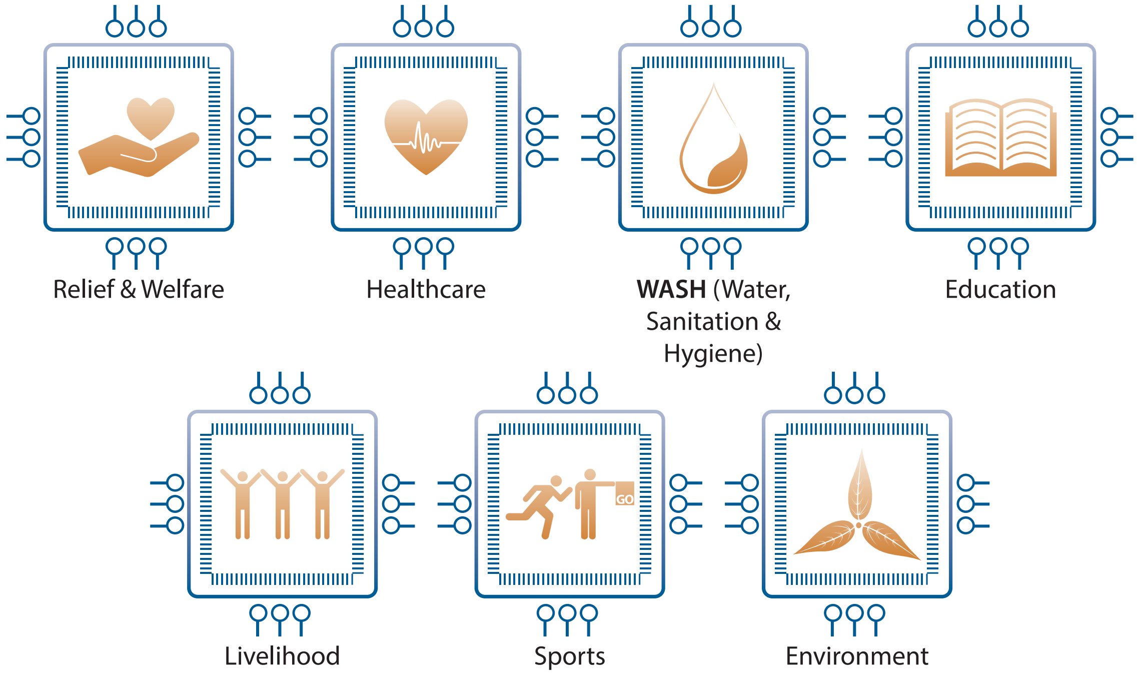
ESG has been the core of our operations and business activities and has been helping us in shaping a sustainable future for the communities we serve, environment we operate in and creating lasting value for all our stakeholders.

Sustaining our development efforts

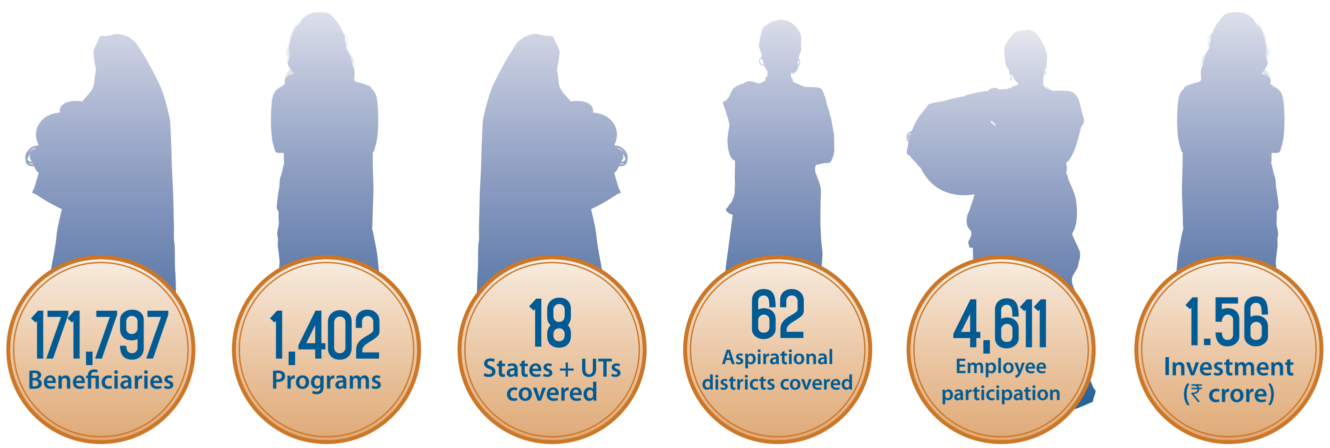


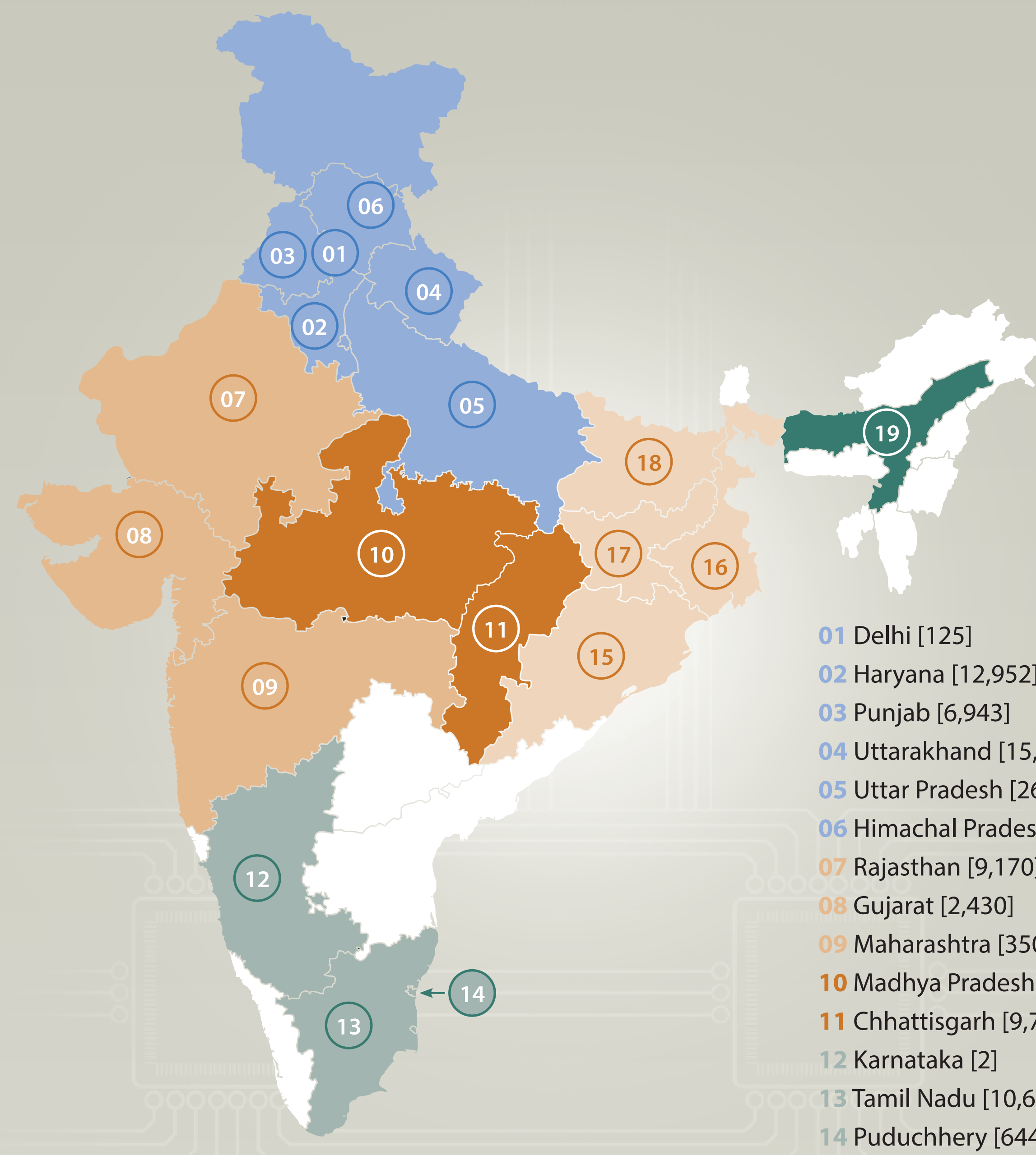
FY22 - A SNAPSHOT

1) Our intervention



2) Our Reach & Impact





01 Delhi [125]
02 Haryana [12,952]
03 Punjab [6,943]
04 Uttarakhand [15,151]
05 Uttar Pradesh [26,300]
06 Himachal Pradesh [200]
07 Rajasthan [9,170]
08 Gujarat [2,430]
09 Maharashtra [350]
10 Madhya Pradesh [19,241]
11 Chhattisgarh [9,700]
12 Karnataka [2]
13 Tamil Nadu [10,661]
14 Puduchhery [644]
15 Odisha [24,422]
16 West Bengal [2,320]
17 Jharkhand [6,997]
18 Bihar [21,385]
19 Assam [2,804]

Relief & Welfare

135,680 Beneficiaries

1,349 Programs

62 Aspirational districts

4,267 Employee participation

Battling Covid on the front-line

Covid continued to plague India and Indians. At the start of FY22, the second wave of the pandemic struck India. The more contagious and extremely virulent Delta variant wreaked havoc across the Indian landmass. Daily new infections cross the 4-lakh mark. Fatalities were at an all-time high as hospital infrastructure and services collapsed under pressure. Fear loomed large in everyone's mind.

During this challenging time, the Fusion team prepared and provided the much-needed hygiene kits to communities in rural and far-flung areas to protect them against Covid-19 infection and reduce their risk of severe illness. The kits consisted of masks, soap, sanitizer and sanitary napkin distributed among communities which included front-line warriors like District Administration and Police Officers across 18 states & UTs of India.

Fusion leveraged this challenge as an opportunity to provide employment to people with minimal and zero earning. It engaged underprivileged women, indigenous communities, ASHA, anganwadi workers, widows, and persons with disabilities (PWDs) to produce masks, sanitizers and sanitary napkin which helped them earn extra money at a time when lives and livelihoods were at stake.

1.22 Lakh Beneficiaries

Distribution to Communities
Masks: 1.22 lakh
Sanitary Napkins: 18,470
Sanitizers: 3,054 liters
Hygiene Kits: 29,447

Distribution to Frontline Warriors
Masks and Hygiene Kits were provided to 11,305 District Administration and Police Officers

Employment Generation
205 People employed including 150 Women
Income Earned: ₹6.1 Lakh

Geographical Coverage
9,209 Villages
328 Districts
62 Aspirational Districts

Sajida Begum is 26 years, Tezpur, Assam

At the time of the pandemic, it was very challenging to meet the basic needs of the family. Being the caretaker of my elder sister who is suffering from schizophrenia for more than 15 years our financial situation got worst. Fusion Micro Finance came in our life as a 'Ray of hope'. The orders that I got from the company for making the mask not only helped me personally, it also helped other women in similar situations at our rehabilitation tailoring unit to earn some amount of money. Our unit never got such a huge order, and I got the opportunity to handle the entire group. It gave me the confidence to take similar mask-making orders and the community started recognizing us. I am deeply thankful to Fusion for giving me and my team this opportunity.

Flood relief work

Nature is all powerful. And when Mother Nature wreaks havoc, there is very little that we humans can do to protect ourselves. We can only endure the brunt of her payback for all the years that we misused the bounties of our all-powerful Mother has bestowed upon us.

During the monsoon in 2021, heavy rain lashed down upon and battered multiple districts of Assam, Bihar, Madhya Pradesh, Gujarat, Puduchhery and Tamil Nadu. Districts were completely flooded and cut off from their supply lines. People were forced to abandon their homes and move to shelters to save themselves – their lifelong savings and precious belongings had to be left behind to perish in the swirling waters.

Fusion took prompt action to provide relief packages including food items, toiletries and household items to flood affected households in the face of torrential rain and the challenge of reaching out to the marooned villages.

10,581	3,527	3,282	2,777	2,027	1,314	3,527
Kg Rice	Kg Salt	Kg Potato	Kg Pulses	Kg Sugar	Lt. Oil	Soaps

14,108
Beneficiaries

3,527
Households

140
Villages

14
Districts of 6 States

140
Employees participation

- Puduchhery: **544**
- Uttar Pradesh: **2444**
- Madhya Pradesh: **1884**
- Gujarat: **980**
- Bihar: **2800**
- Tamil Nadu: **5456**

HEALTHCARE

13,316 Beneficiaries

22 Programs

3 Aspirational districts

152 Employee participation

Menstrual Hygiene Management (MHM) Program

A woman's menstrual health is crucial to her well-being and also to the welfare of her family and community. But too often mindsets, customs and institutional biases prevent women from getting the menstrual health care they need. Menstrual hygiene continues to be amongst the most challenging development issues among rural India today – it is considered a taboo. Even today, the cultural and social influences on people create a major hurdle in ensuring that the adolescent girls are given proper knowledge on menstrual hygiene.

Fusion identified Odisha for implementing this program for an important reason. Use of sanitary napkins in Odisha stood at just about 33.5% as against the national average of 57.6%, the latest National Family Health Survey (NFHS) data.

Kalahandi is one of the aspirational districts of Odisha with low awareness level and practice related to menstrual hygiene – further worsened by myths & taboos around it.

Fusion is changing the legacy issues through 'Garima', menstrual hygiene management (MHM) program for women and adolescent girls in 19 villages and tribal areas of Kalahandi district, Odisha.

The program is generating awareness, and bringing Social and Behavioral Change Communication (SBCC) towards usage of sanitary napkin and hygienic absorbent among 6,000 women and adolescent girls.

The collaborative approach of initiative that leverages the skills of ASHA/Anganwadi workers on the ground which helps increase the accessibility of menstrual hygiene scheme of the Government of Odisha to beneficiaries.

***Dr. Aanchal Gupta**, Senior Eye Surgeon, Founder, Netram Eye Foundation*

We at Netram Eye Foundation highly appreciate the community transforming efforts by Fusion Micro Finance, reaching transparently to the underprivileged section of the society. Very recently we had a wonderful experience with Fusion in partnering them for a CSR activity, working on the smallest nuances, and being focused on the upliftment of society in the most innovative ways. Executing the Project Garima with them in the most backward areas of Orissa, working on menstrual hygiene has been an enthralling and equally challenging experience for us, and we look forward to having many more such experiences with the team of Fusion Micro Finance.

Wheelchair distribution

The world is not a walk in the park. Especially for those with walking disabilities. They would be dying many times over every day in their mind when they have to depend on others for the smallest thing which the privileged mobile population so easily take for granted. And their plight is because they are immobile.

Fusion provided wheelchairs to specially abled women, men and children belonging to weaker section of the society to help them experience independent mobility, improve self-confidence and livelihood possibilities.

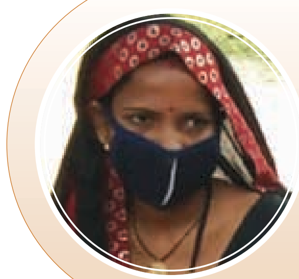
Health camps

Health is wealth. This old adage has become increasingly relevant in the post-Covid era where individuals are taking utmost care of the slightest disorder in their health. Unfortunately, India's rural masses are not endowed with this luxury. Rural India hardly has any medical infrastructure and facilities. These regions are largely bereft of standard healthcare facilities – forcing rural Indians, especially villagers to travel miles to get some medical attention and care.

Fusion brought medical facilities and services to the villages and villagers. It organised health camps with the objective of providing primary healthcare to marginalised communities. Gynecologist, pediatrician, and general physician examined and diagnosed people.

Those who needed constant medical intervention were referred to local government hospitals. Tests such as blood pressure, hemoglobin and diabetes were facilitated under one roof.

The health camps organised in Saharsa and Gopalganj, Bihar in association with Microfinance Institutions network (MFIN) catered to the medical needs of flood victims.



Rebati Jena Malus, Orissa, 28

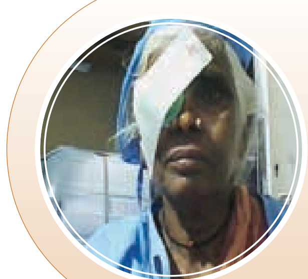
We don't have a dispensary or a clinic in my village. The nearest hospital is 50 km away which made it very difficult for us to get any treatment when we fall ill. It was a first health camp organized in my village by Fusion Micro Finance. They had three doctors who screened my family including my children. I had never visited a lady doctor (gynae) in my life. It was very helpful for me and all women in the village.

Project Ojas: Eye-care initiative

Giving vision to people with a weak eyesight is akin to infusing life in the lifeless. It makes life worth living all over again. For you can once again see the miracles of the creator unfold.

With this objective, Fusion ideated and implemented Project Ojas an eye care initiative that provides eye check-ups and treatment to underprivileged population who receive minimal or no access to eye check-up or cannot afford treatment of eyes.

Under this program, qualified and experienced medical practitioners undertook doorstep screening of cataract, reflective error, and other eye ailments of the entire family. They made people aware of healthy eye care practices to avoid loss of eyesight. Lasik cataract surgeries were facilitated, and spectacles were provided to patients with refractive error and presbyopia.



Kumari Sahu, 77 year old, Kamsara Village, Odisha

My name is Kumari Sahu. I live in Kamsara village of Odisha. I manage my household along with financially supporting the family. My eyesight started deteriorating and that hampered my livelihood. I live in a remote village that has no health facility nearby and I didn't have money to get the treatment. During the eye screening program of Fusion my cataract was detected, and they also got my surgery done free of cost. I will never forget the generous act of Fusion and I am forever thankful to them.

WASH (Water, Sanitation & Hygiene)

1,380 Beneficiaries

9 Programs

1 Aspirational district

72 Employee participation

When the urbanite wakes up, he has to walk a few steps and feels water flow onto his hands and splash on his face. But in Indian villages, the women have to walk a few kilometers to get water back (on their heads) to their homes for the daily chores. Backbreaking and painstaking indeed.

To eliminate this burden for rural girls and women, Fusion distributed waterwheels to 345 families from 69 villages of Haryana, Punjab, Gujarat, Tamil Nadu, Jharkhand, Odisha and West Bengal collectively benefiting 1,380 people of the communities. The innovative product has eased out the burden of women and girl who used to travel a long distance of 2-5 km to fetch water for the households.

Health risks such as pain in neck, back & spine and fatigue have been minimised. Girls are able to devote more time in studies and attend schools regularly. They can carry 45 liters easily with the help of waterwheels hence reduced long multiple trips for women and girls to the water source.

Education

8,976 Beneficiaries

17 Programs

2 Aspirational districts

106 Employee participation

Financial literacy

Earning funds is just the start of the game. Managing funds well critical to sustainable development. It ensures that you have enough to last you through a rainy day. This is especially true for those with a debt burden. Because one wrong move can wipe out years of perseverance. This is particularly relevant for the underprivileged - because they get only half a chance to improve their lot.

Fusion undertook this daunting task of explaining the need and science of financial management and digital payments – more particularly about things like earning, spending, investing, borrowing, and saving through classroom trainings using interactive module like role play, case study, and games etc. The team members also created awareness about the various Government schemes in prevalence, their benefits and how people could be benefited from them.

'Fusion Sahayata Kendra' (a kiosk set-up), assisted people in applying for Government schemes, ATM cards and opening bank accounts with support from Common Services Centers (CSC). The program motivated beneficiaries to maintain financial diaries, utilisation of ATM card, savings in banks and benefited 3,227 people through Government schemes.

Project Shiksha

When you dream big, you are never alone. You always have someone, largely unknown, who supports you in your journey to become big.

Fusion, with the intent of supporting the big dreams of young students, initiated Project Shiksha. It aims to provide merit-based scholarship to underprivileged girls to continue and complete three-year graduation program. 60 meritorious girl students qualified from Odisha and Haryana received a scholarship amount of ₹12,000 each for first year of graduation and the financial support will be continued till the end of graduation.

Counselling and mentoring sessions by experts were organised to help students choose an appropriate career. Active participation of parents was also ensured in the future building of their daughters.

Neha, 19 years, Haryana

My father is a daily wage labourer, and we are 2 siblings - me and my brother. We both are pursuing graduation. Because my college is far from my house, I stay in hostel. My father works really hard to give me a better future, but our financial situation got worst due to high hostel and college fee. Fusion Micro Finance Shiksha scholarship program came to us as a savior. The scholarship amount of ₹12,000 helps me meet all the educational expenses. I hope that Fusion will continue to lend a helping hand to me in the future as well. Thank you!

Grants

Fusion provided grants to Aarohan to support pre-school education of 25 children through 'Early Child Day Care' center. The children were aged between 2.5 to 4 years. The Company also gave grants to Ramakrishna Mission Aashram, Kanpur to construct a classroom to conduct classes for disadvantaged students between the age group of 6 and 11 years.

LIVELIHOOD

443 Beneficiaries

3 Programs

10 Employee participation

Project Beej

It's one thing to give food to the hungry. It's quite the other to teach him to earn his own food. In the former you feed him once and make him dependent. Doing the latter, a more painstaking endeavour, you make him self-dependent - he feeds himself for life.

With this objective, Fusion ideated its Project Beej. Beej in Hindi means seed - in effect Fusion sowed the seeds of independence among the communities it touched.

The Company provided farming kits to 100 small-scale wheat farmers with the goal of introducing sustainability in farming which would help improve their earning potential over the medium-term. The kits included 5,000 kg of high-quality seeds, and 10,500 kg of fertilizers, urea, sulphur & zinc.

The team organised workshops to educate farmers on sustainable farming technique and methods. Soil tests were facilitated to help farmers understand quantity of fertilizers/urea to be used in the field, save cost on fertilizers, and enhance production quality of wheat. The initiative collectively augmented wheat production by 25% across 224 acres of land resulting in an increase in income.

Miti Rani, Bijnor, Uttar Pradesh

I am Miti Rani from Bijnor, Uttar Pradesh. Farming is the primary source of income for our family from ages. From past few years due to financial constraints, we could not purchase good quality seeds. Surveys were conducted by Fusion to identify farmers who were in need. We are glad they gave us an opportunity to join. We received high quality seeds, fertilizers, and urea etc. For the first time, the soil of our farmland was tested. We attended workshops on farming practices facilitated by Fusion. We have recently harvested and could see that the production is more. This will help us sell the produce and generate income that used to be just sufficient for family consumption earlier without any surplus, so we never earned money.

Skill development program

It is largely accepted across the globe that working women make a more lasting contribution to the family, nation, and its economy. For a large part of their earning is invested in the family.

This reality prompted Fusion to undertake skill development programs for rural women in order to make their livelihood sustainable. The project was organized in Akoi Sahib village of Sangrur, Punjab. Under the project, the team trained 32 women in the basic understanding of cutting and sewing.

Karamjit Kaur, Punjab

I attended a tailoring program in Akhoisahab (Singroor) organized by Fusion. Under the program, we were given lessons on cutting & stitching techniques and product finishing that is helping me get orders from neighbourhood. I also received certificate after the completion of the program. I am thankful to Fusion for providing training to me and other women of the community.

Environment

12,000 Beneficiaries

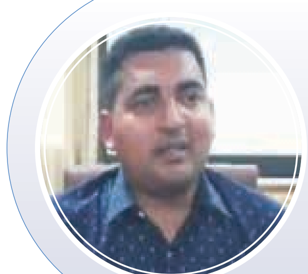
6,000 Trees planted

4 Employee participation

1 Aspirational district

Humans, in their unrelenting greed for more, have destroyed Earth in an irreparable way. But there are some organisations who are trying to make some amends to the damage done by humanity over previous decades.

Fusion is one of them - giving back to the underprivileged communities and the Earth. The Company organised the plantation of 6,000 medicinal, and fruit plants at Fatwa village in Haridwar district of Uttarakhand. The plantation will help prevent the effect of the flood in around 1,000 acres of farming land of Fatwa, Raigati, Kabulpuri and Bhikkampur benefiting around 12,000 rural population.



Deepak Singh, Divisional Forest Officer, Forest Department, Haridwar

Fusion Micro Finance's plantation drive is an initiative that will be creating environmental advantages not only in the present times but also in the coming future. The 6,000 tree plantation done alongside the Ganga in Fatwa's Forest Reserve is a step towards environmental conservation, which will prevent landslide in the area & also a progress towards providing wildlife habitat to different species of animals in the area. I appreciate them for their effort in the right direction.

SPORTS

Fusion continued its support to **Bhavani Devi** (Fencer) and **Namita Chandel** (Canoeist) through GoSports Foundation for the 4th consecutive year. Bhavani Devi has created history by becoming the first Indian fencer to qualify for the Olympics 2021. Namita Chandel brought laurels to India when she won the bronze medal in the C-4 200m Asian Championship in Thailand.

Namita Chandel, Chhapara, Madhya Pradesh

My name is Namita Chandel, Indian International Canoeist, supported under GoSports Foundation's Rahul Dravid Athlete Mentorship Programme since 2018. Fusion Micro Finance has played a crucial role in my journey, supporting me for important requirements like my high-performance training stint in Hungary, sports nutrition, and various equipment and gear. The programme also provided me with mental well-being support when I was going through a tough time, which helped me a lot.

Fusion has supported me over the years, helping me achieve some great feats across National and International competitions. I would like to extend my heartfelt gratitude towards Fusion and GoSports Foundation, for being constant pillars of support in my journey, and contributing to the development of the Indian sporting ecosystem.

Bhavani Devi, Chennai, Tamil Nadu

My name is Bhavani Devi, Indian International Sabre Fencer and India's first ever Fencer to qualify for the Olympics. I was selected to be a part of GoSports Foundation's Rahul Dravid Athlete Mentorship Programme in 2015, when I was on the verge of quitting the sport due to lack of support, but I stood firm with the support of Fusion and the Foundation.

Last year, I achieved a huge dream of mine, and qualified for the Tokyo Olympics, becoming India's first Fencer to qualify for and win a match at the Olympics. This would not have been possible without the support of Fusion in my journey. On International Women's Day, I got to interact with Fusion team who have been supporting me throughout and shared my story as well. I am grateful to Fusion Micro Finance for supporting me through GoSports Foundation. Thank you so much for helping me strive for sporting excellence!

कोविड महामारी म फ्यूजन माइक्रो फाइनेंस न
ग्रामीणों को प्रदान किये मास्क और सैनिटाइजर

माइक्रो फाइनेंस ने बढ़ाया सहायता का हाथ

ਪੰਜਾਬ ਟਾਇਮਜ਼

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फ्यूजन माइक्रो फाइनेंस ने किया निःशुल्क स्वास्थ्य जांच शिविर का आयोजन

फ्यूजन माइक्रो फाइनेंस लिमिटे
का फूड किट वितरण

நிதி கல்வியறிவு திட்டத்தை ஏற்பாடு

महिलाओं को वित्तीय साक्षरता के बारे में दी जानकारी

नि:शुल्क स्वास्थ्य शिविर में 250 महिलाओं व बच्चों का हुआ परीक्षण

फ्यूजन माइक्रोफाइनेंस लिमि द्वारा गेहूं के बीज एवं खाद का वितरण किया

बिहार में बाढ़ पीड़ितों की मदद हेतु
फ्यूजन-माइक्रो फाइनेंस ने बढ़ाए हा

TESTIMONIALS

WHAT People SAY...

Covid-19 Welfare Program

***Ratan Lal Dangi,** IG, Chhattisgarh*

Fusion Micro Finance initiative of distributing hygiene kits among the district police stations in this Covid-19 pandemic crisis is thankworthy. We the frontline worker are the most vulnerable to health risks, as we must deal with all sections of people on a day-to-day basis, be it asylum seekers or refugees. I would like to appreciate on behalf of my team for the commendable work done by Fusion's team & also wish them luck for the coming future.

Financial and Digital Literacy Program

***Vijay Lakshmi,** Kushinagar, Uttar Pradesh*

I am a farmer from Bhatni Dadan village. I am also associated with animal husbandry that has been my primary source of income. Fusion has provided the women of our village with training on financial & digital literacy, that played a major role in showcasing the importance of and developing our interest in savings and on digital monetary. I have also received an amount of 1500 rupees as financial assistance from government on E-shram card made with the support of 'Fusion Sahayata Kendra'.

Project Shiksha

***Subhasmita, 18 years,** Odisha*

I am Subhasmita. I come from a very small village in Odisha. I have 4 siblings and all of them are studying. During Pandemic my father hardly use to get any work as he is a daily wage labourer. We have seen the hardest time of our life. I was on the verge of quitting my studies but then Fusion initiated Project Shiksha, it changed my life. My heart filled with joy when I received ₹12,000 scholarship amount. Now I don't have to quit my studies and I can continue to fulfill my dreams. I hope in future Fusion will continue supporting me and other such students who are in need.

Waterwheel Distribution Program

***Urmila Ben**, Vasad, Gujarat*

The nearest well in Haripura is about 3 km away. We used to go by a rickshaw to fetch water on a rocky and uneven path, which is extremely tiring and time-consuming. My 14-year-old daughter used to help me. I was concerned about her health and education. She used to miss out on her education due to this responsibility. Since I got the waterwheel from Fusion, I am relieved that my daughter's education will not suffer. This has helped me save my time and rickshaw fare. I am thankful to Fusion for making life easier for us.

Flood Relief

***Shobanaben**, Gujarat*

I thank Fusion for helping us in our difficult times. I remember worrying about how I would feed my children during the flood and then I received food supplies with which not only my children, but the entire family survived for days. Thank you for supporting us in need. We look forward to your further support.

Wheelchair Distribution Program

***Sohan, 33 years**, Karnal, Haryana*

After having met with an accident my leg got fractured and a steel rod was inserted. I felt hopeless. I barely used to walk with the help of crutches but after getting a wheelchair I am able to resume previous work which was standstill for five and a half months. The wheelchair gave me a new life for which I'm grateful to Fusion.

Wheelchair Distribution Program

***Om Prakash Narwal**, DIG, Haryana*

I highly appreciate Fusion's initiative of distributing wheelchairs to needy women, men and children who are specially abled. This program has given people the self-confidence to lead their lives with full independence. It gives me immense pleasure to be able to support such social initiative which directly benefits the communities.

TESTIMONIALS

Health Camp

***Shweta Bharti**, Chouparan, Jharkhand*

There are no gynaecologists available in my village neither the young girls are aware about their problems. The health camp organized by Fusion had two lady doctors who came all the way from Gaya and checked us up. They also advised us about how we can maintain hygiene during menstruation. Diabetes and haemoglobin tests were also facilitated for us in the camp.

Project Ojas: Eye-care initiative

***Dr. Troy Cunningham, Country Director, India,** Operation Eyesight Universal*

Operation Eyesight Universal is proud to be a part of Fusion Micro Finance initiative towards managing its second phase of Project Ojas to support 230 marginalised patients in need to bring sight-restoring cataract surgery. We also provided 140 pairs of prescription spectacles in parts of Odisha and Rajasthan. Thanks to your support, patients experiencing vision loss and blindness received treatment. In many cases, this treatment is life changing – giving patients the opportunity to return to work and provide for their families. Therefore, the impact of your gift extends far beyond individual patients, and the impact is in fact felt by their entire community. The project has had a significant impact, amplified with Fusion's strong vision to give back the community. We are looking forward to future opportunities to partner with you.

Menstrual Hygiene Management

***Sarita Hial**, Kikia, Odisha*

Earlier I had no knowledge of the use of sanitary pads. I was using clothes as pad from years. Fusion has been organizing awareness programs in our village; the counsellors invited me to attend such program where we were informed about pads and maintaining hygiene. We were also given packets of pads free of cost which was very useful. I used the napkin for the first time in my life. I thank Fusion for organizing this program.

SOCIAL PERFORMANCE MANAGEMENT (SPM)

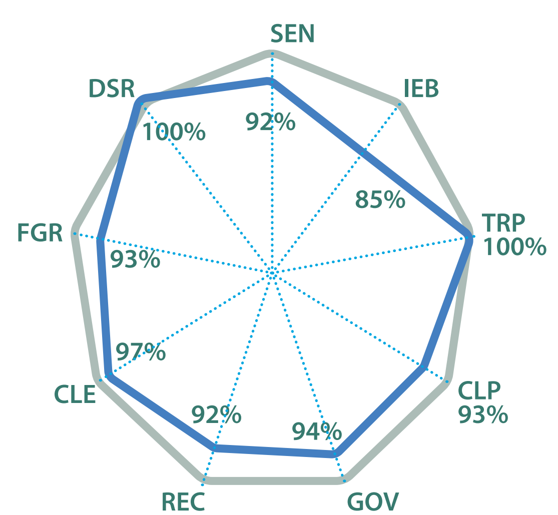
96%

Received score in the Code of Conduct Assessment done by M-CRIL

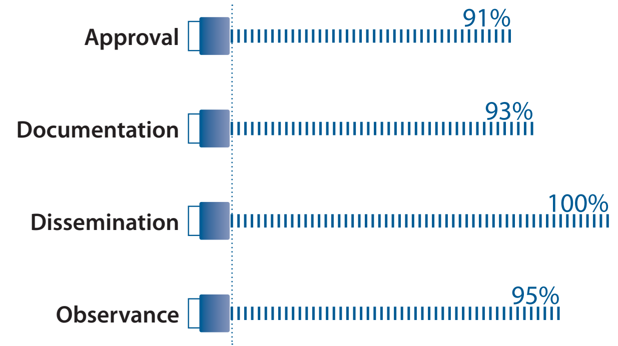
Comprehensive MFI Grading (Code of Conduct Assessment & Company Grading)

- Fusion is an M2C1-grade company that has high capacity in running its operation in a sustainable manner. The MFI Capacity Assessment Grading is done on the dimensions of capital adequacy, governance, management quality and risk management systems.
- The Company made a score of 96% and received C1 grade in the Code of Conduct Assessment (CoCA). It was recognised as an excellent performer with respect to adherence to the Code of Conduct.
- The Assessment on Code of Conduct was done on the indicators pertaining to transparency, client protection, governance, recruitment, client education, feedback, grievance redressal and data sharing. The grading was done by M-CRIL - a global leader in the financial rating of microfinance institutions.

COCA dimension scores



ADDO scores



STATUTORY & FINANCIAL REPORTS

DIRECTORS' REPORT

Dear members,

The Board of Directors are pleased to present the 28th Annual Report of your Company ("the Company" or "Fusion") along with the audited annual financial statements, for the financial year ended March 31, 2022 ("financial statements").

1. FINANCIAL RESULTS

The financial results of the Company for the financial year ended March 31, 2022 is summarized below:

(All amounts are in Rupees millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations		
Interest Income	10643.19	8275.64
Fees and commission Income	13.86	7.19
Net gain on fair value changes	247.65	167.45
Net gain on derecognition of financial instruments under amortized cost category	607.95	107.84
Total Revenue from operations	**11512.65**	**8558.12**
Other Income	500.84	172.76
Total Income	**12013.49**	**8730.88**
Expenses		
Finance Costs	4959.64	3751.04
Impairment on financial instruments	3686.93	2207.80
Employee benefits expenses	2330.66	1686.40
Depreciation and amortization	53.71	38.94
Other expenses	738.29	478.79
Total Expenses	**11769.23**	**8162.97**
Profit before tax	**244.26**	**567.91**
Tax Expense:		
Current Tax	129.77	588.71
Deferred Tax	(103.06)	(460.24)
Profit for the year	**217.55**	**439.44**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains/(loss) on defined benefit plans	2.96	0.04
Income tax effect	(0.74)	(0.01)
	2.22	**0.03**
Total Comprehensive Income for the year	**219.77**	**439.47**

2. OPERATIONAL PERFORMANCE

Operational performance of the Company for the financial year ended March 31, 2022 is summarized below:

Particulars	FY March 31, 2022	FY March 31, 2021	Increase over% FY 2021 – 22
Number of Branches	934	725	28.83%
Number of Members	27,23,449	2,121,873	28.35%
Number of employees	8,716	6,406	36.06%
Number of States	18	18	0.00%
Amount Disbursed (₹ In Crore)	6,180	3,710	66.57%
Gross Loan Portfolio (₹ In Crore)	6,786	4,638	46.31%

The Company attained business performance by reaching out to 2,7,23,449 active loan clients as on March 31,2022 which has grown from 2,121,873 as on March 31, 2021. The growth in active loan clients during the year was 28.35%.

The above was possible with excellent efforts of 8716 employees of the Company as on March 31, 2022 which was of 6,406 as on March 31, 2021, through 934 Branches, across 18 states and 368 districts in India. During the year under review, the Company opened 209 new branches.

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

3. CONVERSION OF THE COMPANY INTO PUBLIC COMPANY

During the FY'22, the status of the Company changed to Public Limited w.e.f. July 20, 2021. Ministry of Corporate Affairs has issued fresh Certificate of Incorporation and Reserve Bank of India has issued Certificate of Registration to giving effect of the same.

4. CASH FLOW STATEMENT

The Cash Flow Statement for the year ended on March 31, 2022 prepared under the provisions of the Companies Act, 2013 ("the Act") is attached as a part of the Annual Financial Statements of the Company.

5. ANNUAL RETURN

In accordance with Section 92 and 134(3)(a) of the Act, a copy of the annual return in the prescribed format, for the financial year ended on March 31, 2022 is uploaded on the website of the Company and the same may be accessed at www.fusionmicrofinance.com.

6. DEPOSITS

The Company has not accepted/received any public deposits during the year under the report falling 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.

7. TRANSFER TO RESERVES

During the FY' 22, your Company has transferred ₹43.51 million to the statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

8. DIVIDEND

Your Board of Directors of the Company believes that it is prudent to plough back the profits for future growth of the Company. Hence do not recommend any dividend for the financial year ended March 31, 2022.

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

Pursuant to the provisions of the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs ("MCA") as amended from time to time, there was no dividend, shares or other amounts were liable to be transferred to the Investors Education and Protection Fund established by the Central Government.

10. NUMBER OF MEETINGS OF THE BOARD

During the FY' 22, the Board met 10 (Ten) 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.

11. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the FY' 22, there was no change in the nature of business.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

DIRECTORS

During the FY' 22, Mr. Shobinder Duggal, Independent Director of the Company resigned from the Board w.e.f. September 22, 2021.

Further, on the recommendation of Nomination and Remuneration Committee, Mr. Pankaj Vaish (DIN: 00367424) was appointed as an Additional Director of the Company in the category of independent director of the Company w.e.f. September 22, 2021 by the Board. He was subsequently appointed as Non-executive Director in the category of Independent Director of the Company in the Extra Ordinary General Meeting of the Company held on December 18, 2021 for a period of 3 years.

In accordance with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Devesh Sachdev, Managing Director & CEO of the Company is retiring by rotation at the ensuing Annual General Meeting ("AGM") and is eligible for re-appointment.

Your Board recommends the re-appointment of Mr. Devesh Sachdev, Managing Director & CEO of the Company. The particulars in respect of Mr. Devesh Sachdev, Managing Director & CEO as required under SS-2, are mentioned in the Notice of AGM.

KEY MANAGERIAL PERSONNEL

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

13. DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and provisions of Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations")and based on the declarations received from the Independent directors, the Board of directors are of the opinion that the directors have the requisite integrity, expertise and experience including the proficiency to be the independent directors of the Company.

14. CREDIT RATING

CARE Advisory Research and Training Ltd. has assigned Grading of **"MFI 1"; CARE Rating Limited** has assigned Rating of **'A-'** Outlook Stable on the Long- Term Bank Facilities (amounting to ₹1,500 Cr) and on Non-Convertible Debentures. The Company has also been assigned rating as **'A-'** Outlook Stable by **CRISIL** on the Long- Term Bank Facilities (amounting to ₹2000 Cr) and rating of **'A-'** Outlook Stable by **ICRA** on Non-Convertible Debentures.

15. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 21.94% as on March 31, 2022 as against the minimum capital adequacy requirements of 15% by Reserve Bank of India ("RBI").

16. RESOURCE MOBILIZATION

a) Term Loan / Sub debt /Refinance

During FY' 22, the Company has diversified its sources of funds and raised a sum of ₹4070.25 Crore (Inclusive of Term Loan of ₹3745.25 Crore, Refinancing of ₹270 Crore and Sub Debt of ₹55 Crore).

b) Secured / Unsecured Non-convertible debentures

During FY' 22, the Company raised an amount of ₹45 Crore by way of issuance of unsecured Non-Convertible Debentures..

c) Asset Securitization

During FY' 22, your Company raised resources to the extent of ₹693.45 Crore through Direct Assignment.

d) External Commercial Borrowings (ECB)

The Company has raised funds by way of External Commercial Borrowings to the extent of EUR 10,000,000 (Euros Ten Million) in the FY' 22.

17. SHARE CAPITAL

During FY' 22, the Authorized Share Capital of the Company has been reclassified and increased from ₹950,000,000 (Rupees Ninety-Five Crores only) divided into 90,000,000 (Nine crore) equity shares of ₹10/- (Rupees Ten only) each and 5,000,000 (Fifty lakh) preference shares of ₹10/- (Rupees Ten only) each to ₹1,050,000,000 (Rupees One Hundred and Five Crores only) divided into 105,000,000 (Ten Crore Fifty lakh) equity shares of ₹10/- (Rupees Ten only) each.

Further, the paid-up equity share capital of the Company has increased from ₹807,779,832 (Rupees Eight Crores Seventy Seven Lakh Seventy Nine Thousand Eight Hundred and Thirty Two only) to ₹843,263,880/- (Rupees Eighty Four Crores Thirty Two Lakh Sixty Three Thousand Eight Hundred and Eighty only) on account of conversion of partly paid-up equity shares to fully paid up.

18. NON CONVERTIBLE DEBENTURES

During FY' 22, the Company raised an amount of ₹45 Crore by way of issuance of unsecured Non-Convertible Debenture and ₹55 Crore inform of Sub Debt. The total fully redeemed amount of NCDs ₹197 Crores. The outstanding NCDs including subordinated liabilities in form of NCDs as on March 31, 2022 was ₹916.34 Crores.

19. EMPLOYEE STOCK OPTION SCHEME

To reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company, the Company has a stock option plan namely ESOP Scheme 2014 and ESOP Scheme 2016.

As on March 31, 2022, the following stock option grants were in operation:

PARTICULARS	Details
Number of options granted during the year	5,18,500
Number of options vested during the year	4,85,183
Number of options exercised during the year	1,74,641
Total number of shares arising out as a result of exercise of option during the year	1,74,641
Options lapsed during the year	56,900
Exercise price	27.08/37.99/64.08/110/154.04/290.48
Variation in terms of options	-
Money realized by exercise of options	1,55,92,404.47
Total number of options in force	23,49,107
The options shall vest on graded basis as follows.	
On completion of 1 year	25%
On completion of 2 years	25%
On completion of 3 years	25%
On completion of 4 years	25%

20. COMMITTEES DETAILS

As on March 31, 2022, 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 form the part of Directors' Report.

21. RELATED PARTY TRANSACTIONS

During the FY' 22, there were no material related party transactions entered by the Company that were required to disclosed in form AOC-2. The details of the related party transactions is provided in the notes to the Annual Financial Statements.

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

22. AUDITOR'S AND AUDITORS' REPORT

STATUTORY AUDITOR

Pursuant to the provisions of Section 139 of the Act read with rules made thereunder, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold the office for a period of five (5) years from the conclusion of the Twenty–Fifth Annual General Meeting ("AGM") till the conclusion of the Thirtieth AGM of the Company.

However, the Reserve Bank of India vide its recent Notification DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, require every NBFC to appoint the Statutory Auditors for a continuous period of three (3) years. Accordingly, the tenure of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants will come to an end on the conclusion of the Twenty–Eighth AGM ("the ensuing AGM") of the Company.

Therefore, the Board of Directors, on the recommendations of the Audit Committee and subject to the approval of the shareholders of the Company, approved the appointment of Deloitte Haskins & Sells, Firm Registration no. 015125N, as the statutory auditors of the Company for a period of three (3) consecutive years from the conclusion of the ensuing AGM till the conclusion of the Thirty – First AGM of the Company to be held in FY 2025-26.

The Auditors' Reports for the financial year ended on March 31, 2022 submitted by M/s. S. R. Batliboi & Associates LLP, Chartered Accountants do not contain any qualification or reservation or adverse remark or disclaimer.

The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

There are no instances of any fraud reported by M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, to the Audit Committee or the Board pursuant to the provisions of Section 143(12) of the Act.

SECRETARIAL AUDITOR

As required under Section 204 of the Act and the Rules made thereunder, M/s. Navneet K Arora & Co., LLP was appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2022.

The Secretarial Audit Report for Financial Year ended on March 31, 2022 does not contain any qualification, reservation, adverse remark or disclaimer and forming the part of Board Report as "Annexure – 2".

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During FY'22, the Company has not given any loan or provide guarantee or security or made any investment falling within the purview of Section 186 of the Act.

24. NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178 of the Act read with the rules made thereunder, the Company has framed a Nomination and Remuneration Policy ("NRC Policy") which is duly approved by the Board of Directors. The NRC Policy is directed towards a structure that provides adequate rewards and compensation to the employees at all level.

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

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

There was no material changes and commitments affecting financial position between the end of the financial year and date of the report.

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

Since the Company does not own any manufacturing facility, there is no information to be provided with respect to conservation of energy and technology absorption. There have not been any foreign exchange earnings other than inflow of External Commercial Borrowing (ECB) of ₹890.41 Million (Euro 10 Million) while outgo during the year under review is ₹72.23 million towards interest payments on ECB and Initial Public Offering related expenses.

27. 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.

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".

28. CORPORATE SOCIAL RESPONSIBILITY

The Company is at the forefront of Corporate Social Responsibility ("CSR") and sustainability initiatives and practices. It believes in making lasting impact towards creating a just, equitable, humane and sustainable society. The Company has been involved with social initiatives in various activities in the field of education, primary healthcare and communities, environment, etc.

The Annual Report on the CSR activities for the financial year 2021-22 is attached herewith as "ANNEXURE 4" to this Report.

Further, the Contents of the CSR policy are also available on the Company's website at www.fusionmicrofinance.com

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

A formal evaluation of the performance of the Board, the Chairman and the individual Directors as well as various Committees of the Board was carried out for the FY'22. The evaluation was done using individual questionnaires. As part of the evaluation process, the performance evaluation of Board as a whole 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 Directors expressed satisfaction with the evaluation process.

30. VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

31. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, associate or joint venture Companies.

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

During FY' 22, no significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

33. INTERNAL FINANCIAL CONTROLS

Pursuant to the Section 134(5) (e) of the Act, the Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. The Company is following an effective internal control system commensurate with its size and operations. These controls and processes are driven through various policies and procedures. In addition to this the work process is designed in such a way that process of internal check is ensured at all levels.

It also ensures the adoption of all policies & procedures for orderly and efficient conduct of its business, including adherence to the Company's Policy, the safeguarding of its assets, prevention and detection of fraud & error, the accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

34. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

Further, the Company has the Internal Complaint Committee in place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to address the sexual harassment cases. However, no complaints were received during the period under review.

35. CORPORATE GOVERNANCE

Your Company governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors and of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders.

Your Company believes in adopting best & transparent practices of corporate governance. Corporate governance principles are enshrined in the Spirit of Fusion, which form the core values of the Company. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines & charter of various sub-committees.

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

36. MANAGERIAL REMUNERATION

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules and the disclosures relating to remuneration and other details required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "ANNEXURE 5" which forms part of this report.

37. 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, 2022, 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, 2022 and of the profits of the Company for year ended on that date;

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

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

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

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

38. RBI GUIDELINES

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

39. LISTING

Some series of NCD's issued by the Company are listed on BSE Limited. The listing fees to the BSE Limited for the financial year 2022-23 has been duly paid.

40. MAINTENANCE OF COST RECORDS

The Company is not required to maintain cost records in terms of the provisions of Section 148 (1) of the Act read with Companies (Cost Records and Audit) Rules, 2014.

41. 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.

42. INSOLVENCY PROCEEDINGS

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

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

44. 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.

45. ACKNOWLEDGEMENTS

Your Directors takes this opportunity to express its 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. Your Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company and thanks them for yet another excellent year. Their dedication and competence have ensured that the Company continues to be a significant player in the Micro finance industry.

For and on behalf of the Board of Directors

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

Place: Gurugram
Dated: May 6, 2022

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the report contains the details of Corporate Governance systems and processes at Fusion Micro Finance Limited (Fusion or the Company).

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organisation. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation.

Accordingly, the Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. Ethical business practices go hand in hand with strong corporate governance, and we believe that running our businesses in an ethical manner creates trust with the public and ultimately create shareholders' value for the Company. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors and employees.

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

BOARD OF DIRECTORS :

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

The composition of the Board of Directors of the Company is in conformity with the provisions of Companies Act, 2013 ("the Act") and Regulations 17 of Listing Regulations maintaining the specified combination of executive and non-executive independent directors with at least one woman Independent Director.

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

The Board composition as on March 31, 2022 is as follow:

Name of Director and Director identification number	Category of Directors	Designation	Whether last AGM attended	No of other Companies in which he/she is Director	*No. of committees in which director is -		Particulars of Equity Listed Entity Directorship
					Member	Chairman/ Chairperson	
Mr. Devesh Sachdev DIN: 02547111	Promoter and Executive	Managing Director & CEO	Yes	1	1	-	Nil
Ms. Ratna Dharashree Vishwanathan DIN: 07278291	Non-Executive	Independent Director	Yes	5	4	3	1. Moneyboxx Finance Limited– Independent Director 2. Dilip Buildcon Limited– Independent Director
Ms. Namrata Kaul DIN: 00994532	Non-Executive	Independent Director	No	12	7	1	1. Havells India Limited – Independent Director 2. Schneider Electric Infrastructure Limited – Independent Director 3. Prime Securities Limited – Independent Director
**Mr. Pankaj Vaish DIN: 00367424	Non-Executive	Independent Director	NA	3	4	-	1. IIFL Wealth Management Limited – Independent Director 2. Krishna Institute of Medical Sciences Limited – Independent Director
Mr. Kenneth Dan Vander Weele DIN: 02545813	Non-Executive	Nominee Director on behalf of Creation Investments	No	4	1	-	Nil
Mr. Narendra Ostawal DIN: 06530414	Non-Executive	Nominee Director on behalf of Honey Rose Investment Ltd	No	4	3	-	1. Computer Age Management Service Limited – Nominee Director 2. Home First Finance Company India Limited - Nominee Director

*The membership/chairmanship of Audit Committee & Stakeholders Relationship Committee in listed entity including company is being considered.

**On September 22, 2021, subsequent to resignation of Mr. Shobinder Duggal, Independent Director of the Company, Mr. Pankaj Vaish was appointed as an Independent Director.

INTER-SE RELATIONSHIP AMONG DIRECTORS

There are no inter-se relationships between the Board of Directors of the Company and none of the Non-Executive Directors holds any equity shares or convertible instruments of the Company during the financial year ended March 31, 2022.

KEY QUALIFICATION, EXPERTISE AND ATTRIBUTES OF BOARD

The Executive, Non-Executive and Independent Directors are eminent professionals, drawn from amongst persons with expertise in business, finance, law, marketing and other key functional areas and play a critical role in enhancing balance to the Board processes besides providing the Board with valuable inputs. The Board represents an optimal mix of professionalism, knowledge and experience. The skills/ expertise / competence of Board of directors identified by the Board as required in the context of business of the Company are given below:

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

DECLARATION BY INDEPENDENT DIRETORS

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 the Act and Listing Regulations 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.

BOARD & ITS COMMITTEE MEETINGS

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

During the Financial Year 2021-22, the board met 10 (Ten) times i.e. on April 15, 2021, May 26, 2021, July 25, 2021, August 1, 2021, August 6, 2021, September 22, 2021, October 5, 2021, October 27, 2021, February 14, 2022 and March 30, 2022. The intervening gap between the two board meetings was 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, 2022	
		Held during tenure	Attended
Mr. Devesh Sachdev	Managing Director & CEO	10	10
Ms. Ratna Dharashree Vishwanathan	Independent Director	10	9
Ms. Namrata Kaul	Independent Director	10	10
*Mr. Pankaj Vaish	Independent Director	5	5
Mr. Kenneth Dan Vander Weele	Nominee Director	10	10
Mr. Narendra Ostawal	Nominee Director	10	10
**Mr. Shobinder Duggal	Independent Director	4	4

*Appointed w.e.f. September 22, 2021

**Resigned w.e.f. September 22, 2021.

DETAILED REASONS FOR RESIGNATION OF INDEPENDENT DIRECTORS

Mr. Shobinder Duggal, Independent Director of the Company was also an Independent Director in SBI Life Insurance Company, due to which the Company was facing the complexities in sourcing credit lines from SBI and other lenders. Therefore, considering the aforesaid circumstance during the FY' 22, Mr. Duggal, has resigned from the Board w.e.f. September 22, 2021 and apart from the stated reason there is no other material reason for his resignation.

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 www.fusionmicrofinance.com

COMMITTEES OF BOARD

The Company, as on March 31, 2022 had Ten committees; Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Board Risk Management Committee, Working Committee, Debenture Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee & IPO Committee.

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

The Composition of the Audit Committee is in terms of Listing Regulations, the majority of the members of the Committee are Independent Directors and all the members of the Audit Committee have the required qualification & expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management.

Composition and Attendance:

During the financial year ended March 31, 2022, the Committee met 6 times, i.e. on May 26, 2021, August 1, 2021, October 5, 2021, October 27, 2021, February 14, 2022 and March 30, 2022.

The composition & attendance are as follows -

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2022	
		Held during tenure	Attended
*Ms. Namrata Kaul (Chairperson)	Independent Director	6	6
Mr. Narendra Ostawal	Nominee Director	6	6
**Mr. Pankaj Vaish	Independent Director	4	4
***Mr. Shobinder Duggal (Chairman)	Independent Director	1	1

* appointed as Chairperson of the Committee w.e.f. September 22, 2021
**appointed as member of the Committee w.e.f. September 22, 2021.
***ceased to be the member and Chairman of the Committee upon resignation from the Board w.e.f. September 22, 2021.

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, 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. statement of significant related party transactions (as defined by the audit committee), submitted by management;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;

4. internal audit reports relating to internal control weaknesses; and

5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

6. statement of deviations:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and

   (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

The powers of the Audit Committee include the following:

1. to investigate any activity within its terms of reference;

2. to seek information from any employee of the Company;

3. to obtain outside legal or other professional advice; and

4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

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

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

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition and Attendance:

During the financial year ended March 31, 2022, the Committee met 4 times, i.e. on May 26 2021, October 5, 2021, October 27, 2021 and February 14, 2022.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2022	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	4	3
Mr. Devesh Sachdev	Managing Director & CEO	4	4
*Mr. Pankaj Vaish	Independent Director	3	3
**Mr. Shobinder Duggal	Independent Director	NA	NA

*appointed as member of the Committee w.e.f. September 22, 2021.

** ceased to be the member of the Committee upon resignation from the Board w.e.f. September 22, 2021.

Terms of Reference

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

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

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

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

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

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

3. NOMINATION & REMUNERATION COMMITTEE

Composition and Attendance:

During the financial year ended March 31, 2022, the Committee met 6 times, i.e. on April 15, 2021, May 26, 2021, August 1, 2021, September 22, 2021, October 5, 2021 and February 14, 2022.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2022	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	6	5
Ms. Namrata Kaul	Independent Director	6	6
Mr. Narendra Ostawal	Nominee Director	6	6
Mr. Kenneth Dan Vande Weele	Nominee Director	3	3

*Ceased to be the member of the Committee w.e.f. August 6, 2021.

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.

As part of the evaluation process, the performance evaluation of Board as a whole for the FY 2021-22 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

Composition and Attendance:

The Company has an effective Asset Liability Management Committee formed in accordance with the directions framed by RBI. During the financial year ended March 31, 2022, the Committee met 4 times, i.e. on May 26, 2021, October 5, 2021, October 27, 2021 and February 14, 2022.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2022	
		Held during tenure	Attended
Mr. Devesh Sachdev (Chairman)	Managing Director & CEO	4	4
Mr. Gaurav Maheshwari	Chief Financial Officer	4	4

Terms of Reference

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

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

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

5. BOARD RISK MANAGEMENT COMMITTEE (BRMC)

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

Composition and Attendance:

During the financial year ended March 31, 2022, the Committee met 4 times, i.e. on May 26, 2021, October 5, 2021, October 27, 2021 and February 14, 2022.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2022	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	3	3
Mr. Devesh Sachdev	Managing Director & CEO	4	4
Mr. Narendra Ostawal	Nominee Director	4	4
Mr. Sanjay Choudhary	Chief Risk Officer	3	3
*Mr. Satish Mani	VP – Risk & Audit	1	1

*ceased to be the member of the Committee w.e.f. May 26, 2021.

Terms of Reference

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

During the financial year ended March 31, 2022, the Committee met 2 times, i.e. on October 5, 2021 and February 14, 2022. In compliance with RBI Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017, Mr. Naveen Mangle is the Chief Technology Officer of the Company.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2022	
		Held during tenure	Attended
*Ms. Pankaj Vaish (Chairman)	Independent Director	2	2
**Ms. Namrata Kaul	Independent Director	2	2
Mr. Devesh Sachdev	Managing Director & CEO	2	2
Mr. Naveen Mangle	Chief Technology Officer	2	2
***Mr. Shobinder Duggal	Independent Director	-	-

*appointed as member and Chairman of the Committee w.e.f. September 22, 2021.
**ceased to be the Chairperson of the Committee w.e.f. September 22, 2021.
*** ceased to be the member of the Committee upon resignation from the Board w.e.f. September 22, 2021.

Terms of reference

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

7. STAKEHOLDER RELATIONSHIP COMMITTEE

In terms of the Listing Regulations, the Company has constituted the "Stakeholder Relationship Committee" with the following members:

1. Ms. Ratna Dharashree Vishwanathan, Independent Director - Chairperson
2. Mr. Devesh Sachdev, Managing Director & CEO - Member
3. Ms. Namrata Kaul, Independent Director – Member

During the FY'22, the Committee met once on February 14, 2022 and all the members attended the meeting.

Mr. Deepak Madaan, Company Secretary was designated as Compliance Officer of the Company. During the period under review, the Company received no shareholders' complaint and as on the March 31, 2022 no shareholder complaint is remained unresolved/pending.

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.

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 of the Company.

a. Executive Directors

Details of the remuneration paid to Executive Directors in the Financial Year 2021-22 ad other disclosures (amount in ₹)

Name of Director	Designation	Gross Salary	Bonus*	Perquisites	Others	Total
Mr. Devesh Sachdev	MD & CEO	2,01,94,237	1,70,00,000	3,02,807	26,400	3,75,23,444

*Bonus is pertaining to the FY 20-21, paid in FY 21-22

Mr. Devesh Sachdev, Managing Director and CEO was appointed for a period of 5 years commencing from December 3, 2018. The Company may terminate his services after serving 2 months notice or salary in lieu thereof. In any other circumstances, he is not entitled for any severance fees.

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

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

b. Non-Executive Directors

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the committees thereof as approved by the Board. The sitting fees as determined by the Board for attending meetings of the Board, Audit Committee, Nomination and Remuneration Committee, Board Risk Management Committee and CSR committee are within the limits prescribed under the Act. No sitting fee were paid to the Nominees Directors.

The details of Sitting Fees payable to Non - Executive Independent Directors for attending the meeting of the Board & relevant Committees during the Financial Year 2021-22 are as under:

Name of Director	Designation	Sitting Fees	
		Board Meeting & Committee	
Ms. Namrata Kaul	Independent Director	₹	14,75,000
Ms. Ratna Dharashree Vishwanathan	Independent Director	₹	12,75,000
*Mr. Pankaj Vaish	Independent Director	₹	7,50,000
**Mr. Shobinder Duggal	Independent Director	₹	4,25,000
Total		₹	**39,25,000**

*appointed w.e.f. September 22, 2021.
**resigned w.e.f. September 22, 2021

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, 2022 none of the director was entitled for Employees Stock Option (ESOPs) of the Company and during the financial year under the review no ESOPs were granted to any director of the Company.

GENERAL BODY MEETINGS

ANNUAL GENERAL MEETING

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
2020-21	16.06.2021	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	2
2019-20	28.07.2020	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	3
2018-19	29.06.2019	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	3

Extra Ordinary General Meetings

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

Year	Date	Time	Location	No. of Special Resolutions Passed
2021 – 22	26.04.2021	11:00 A.M	Plot No. 86, Institutional Sector 32, Gurugram - 122001	2
	27.07.2021	11:00 A.M	Plot No. 86, Institutional Sector 32, Gurugram - 122001	4
	18.12.2021	11:00 A.M	Plot No. 86, Institutional Sector 32, Gurugram - 122001	1

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

During the Financial year, no resolution was passed through Postal Ballot.

DEBENTURE HOLDER DETAILS:

The details regarding the Debenture Holders as on March 31, 2022 are given as under:

Name of the NCD	Address	No. of NCD
AU Small Finance Bank Limited	Corporate Office 5th Floor, E Wing Kanakia Zillion Junction of Cst And Lbs Road Kurla West, Mumbai	300
Blue Orchard (Microfinance Fund)	11-13, Boulevard, de la foire, L-1528, Luxembourg	500
PETTELAAR EFFECTENBEWAARBEDRIJF N.V. (ASN Microcredit Fund TJ)	liNachtwachtlaan 20 – 6th Floor, 1058 EA, Amsterdam The Netherlands	526
Blue Orchard (JAPAN ASEAN WOMEN EMPOWERMENT FUND)	11-13, Boulevard, de la foire, L-1528, Luxembourg	500
UTI International Wealth Creator 4 (responsAbility)	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	350
UTI International Wealth Creator 4 (responsAbility)	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	700
UTI International Wealth Creator 4 (responsAblity)	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	750
UTI International Wealth Creator 4 (responsAbility)	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	550
Triodos Microfinance Fund	11-13 boulevard de la foire, L-1528 Luxemburg, Grand Duchy of Luxembourg	315
Triodos Fair Share Fund	11-13 boulevard de la foire, L-1528 Luxemburg, Grand Duchy of Luxembourg	315
IFMR Fimpact Long term Credit Fund	10th Floor, IIT M Research Park, 1, Kanagam Village, Taramani, Chennai, India-600 113	350
IFMR Fimpact Medium Term Opportunity Fund	10th Floor, IIT M Research Park, 1, Kanagam Village, Taramani, Chennai, India-600 113	150
Northern Arc Capital Limited	10th Floor, Phase 1, IIT Madras Research Park, Kanagam Village, Taramani, Chennai – 600113	300
Bank of Baroda	SITB, 4&5th Floor, C-34, G Block, BKC, Bandra East, Mumbai-400051	500
Bank of India	Bank of India, Treasury Branch, Star House 1, C-5, G- Block, Bandra (East), Pin- 400051	350
DCB Bank limited	Peninsula Business Park, Tower A, 6th Floor, Senapati Bapat Marg, Lower Parel, Mumbai – 400013	100
Indian Bank	Indian Bank treasury branch, 2nd floor Allahabad Bank building, Fort, Mumbai, 400001	200
Indian Overseas Bank	Indian Overseas Bank, 4th Floor, Annex Building, Treasury Department, 763 Anna Salai, Chennai 600002, Tamil Nadu	250
Punjab National Bank	Bank, Treasury Division, Pragati tower, C-9, G Block, Bandra Kurla Complex, Mumbai 400051	250
State Bank of India	State bank of India, Securities Services Branch, 2nd floor SBI Main Branch Building, Samachar Marg, Fort, Mumbai 400001	250
State Bank of India	State bank of India, Securities Services Branch, 2nd floor SBI Main Branch Building, Samachar Marg, Fort, Mumbai 400001	500
Union Bank of India	3rd Floor, Treasury office, 239, Union Bank Central Office, Vidhan Bhavan Marg, Nariman Point, Mumbai, Maharashtra 400021	200
Tata Capital Financial Services Limited	12th Floor Tower A Peninsula Business Park, Senapati Bapat Marg,Lower Parel, Mumbai- 400013	30
Vivriti Capital Private Limited	2nd floor, Prestige Polygon 471, Anna Salai, Mount Road, Nandanam, Chennai, Tamil Nadu 600035	250
Northern Arc Money Market Alpha Trust	10th Floor, IIT Madras Research Park, Kanagam Rd, Kanagam, Tharamani, Chennai, Tamil Nadu 600113	450
CDC Group PLC	CDC Group PLC, 123 Victoria Street, London – SW1E6DE	600

FULL REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDS) DURING THE FY 2021-22

During the financial year 2021-22 following Non-convertible Debentures were redeemed:

S. No.	Particulars	Date of Allotment	No. of NCD	Amount (in million)	Date of redemption	Detail of redemption
1	Northern Arc Capital Limited Money Market Alpha Fund(UN)	05-Aug-20	150	150	6-Aug-21	Fully redeemed
2	Punjab National Bank	12-Aug-20	250	250	12-Feb-22	Fully redeemed
3	Union Bank of India	12-Aug-20	250	250	12-Feb-22	Fully redeemed
4	Blue Orchard (Microfinane Fund)	31-Aug-16	470	470	31-Aug-21	Fully redeemed
5	CVSO Incofin	27-Sep-18	250	250	27-Sep-21	Fully redeemed
6	AAV Saral-Symboitic IV	22-Oct-18	350	350	22-Oct-21	Fully redeemed
7	IFMR Fimpact Income Builder Fund MLD	06-Mar-18	250	250	2-Sep-21	Fully redeemed
	Total		**1970**	**1970**		

DEBENTURE TRUSTEES DETAILS:

The Debenture Trustees are as follows:

DEBENTURE TRUSTEE	REGISTERED OFFICE ADDRESS
CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA)	GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud Pune Maharashtra 411038 IN
VISTRA ITCL (INDIA) LIMITED	IL & FS Financial Centre, Plot No C22, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra-400051
BEACON TRUSTEESHIP LIMITED	4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai 400 051

MEANS OF COMMUNICATION:

a. The financial results during the year were published in the national English Newspapers having circulation substantially in whole of India and are also available on the website of the company i.e. www.fusionmicrofinance.com.

b. During the financial year 2021-22, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Audited Results for the Financial Year ended March 31, 2021	Mint (English)	May 28, 2021
Audited Results for the Quarter and Half Year ended September 30, 2021	Mint (English)	October 28, 2021
Un -Audited Results for the Quarter and Nine months ended December 31, 2021.	Mint (English)	February 15, 2022

REGULAR UPDATES:

The Company sends Quarterly newsletter to the Board Members, stakeholders and keeps them updated about the Company. All other events and happenings of importance to the sector are reported to the Board on a continuous basis.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting: **Date:** August 5, 2022
Time: 11:00 A.M.
Venue: H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028

Financial year: April to March

Listed Debenture: BSE Limited
Address: Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001

Listing Fees: The listing fees payable to the BSE Limited in relation to listed debentures of the Company for the financial year 2022-23 has been paid in full.

Dividend payment date: No dividend was declared for the Financial year 2021 – 22.

REGISTRAR AND SHARE TRANSFER AGENT DETAILS:

In pursuance to Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), all activities in relation to electronic facility with respect to Non-convertible debentures (NCDs) are maintained by our Registrar & Transfer Agent (RTA) i.e. Link Intime India Private limited having SEBI Registration No. INR000004058. Further, the Company has also availed electronic facility from the RTA with respect to dematerialization of its equity shares.

For the NCDs held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants. Details of RTA are as under:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078.
Tel. No.: +91 22 2594 6970; Fax No.: +91 22 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

SHARE TRANSFER SYSTEM, DEMATERIALIZATION OF SHARES AND LIQUIDITY:

All the equity shares of the Company are held in demat form.

OUTSTANDING GDRS/ ADRS/ WARRANTS OR CONVERTIBLE INSTRUMENTS:

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments as on 31st March, 2022, 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.

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, 2022 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.fusionmicrofinance.com.

b. There was no such non-compliance by the Company on any matter related to capital markets, during the last three years.

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.fusionmicrofinance.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 fully complied with all applicable mandatory requirements of Listing Regulations.

e. During the year, the Company does not have any exposure to Commodity Price risk and commodity hedging activities.

f. During the FY'22, the total fee of ₹17,843,200 is being paid to the Statutory Auditors of the Company for Statutory Audit, Tax Audit and other professional services.

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

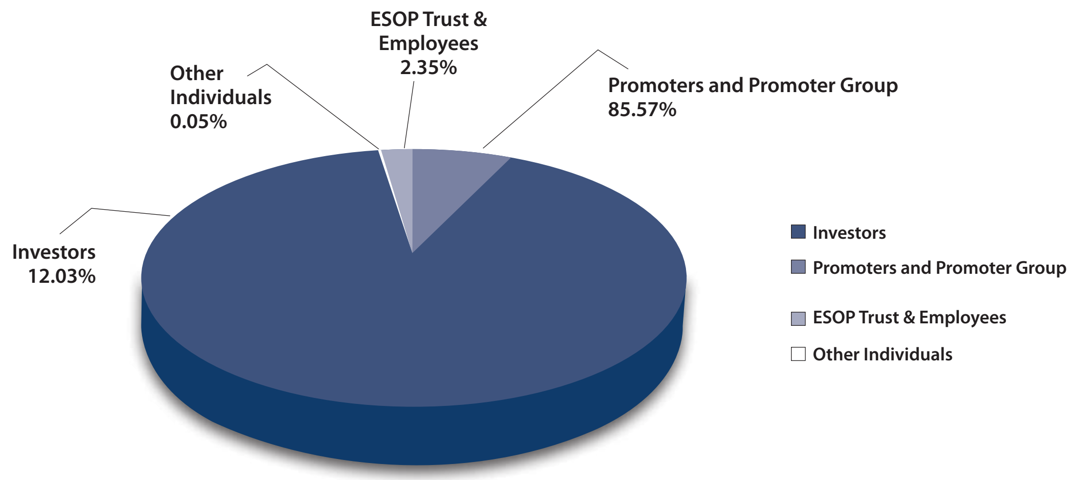
   Further, the Company have properly constituted Internal Complaint Committee to address the sexual harassment cases. However, no complaints were received during the period under review.

h. The Company being high value debt listed entity, is in compliance with corporate governance requirement specified in Regulation 17 to 27 of the Listing Regulations.

DISTRIBUTION OF SHAREHOLDING

The Shareholding pattern of the Company as on March 31, 2022 –

Shareholder Group	Shares	Amount	Stake %
Promoters and Promoter Group	72,161,216	721,612,160	85.57%
Investors	10,145,466	101,454,660	12.03%
Other Individuals	39,468	394,680	0.05%
ESOP Trust & Employees	1,980,238	19,802,380	2.35%
Total	**84,326,388**	**843,263,880**	**100.00%**



Address for Correspondence

Mr. Deepak Madaan
Company Secretary & Compliance officer
Fusion Micro Finance Limited
Plot No. 86, Institutional Sector – 32,
Gurugram, Haryana – 122001
Tel: 0124-6910500/6910600
Website: www.fusionmicrofinance.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

CEO Certification on Code of Conduct:

I, Devesh Sachdev, Managing Director and CEO of Fusion Micro 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, 2022.

For and on behalf of the Board of Directors

Sd/-
Devesh Sachdev
MD & CEO

Place: Gurugram
Date: May 6, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To,
The Members of
Fusion Micro Finance Limited
Regd. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi New Delhi DL 110028 IN

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of FUSION MICRO FINANCE LIMITED (CIN U65100DL1994PLC061287) having registered office at H-1, C Block, Community Centre, Naraina Vihar, New Delhi New Delhi DL 110028 IN, (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 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs and any such other statutory authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Mr. Devesh Sachdev	02547111	05/11/2009
2.	Mr. Pankaj Vaish	00367424	22/09/2021
3.	Mr. Kenneth Dan Vander Weele	02545813	12/08/2016
4.	Mr. Narendra Ostawal	06530414	05/12/2018
5.	Ms.Ratna Dharashree Vishwanathan	07278291	24/05/2018
6.	Ms. Namrata Kaul	00994532	18/02/2020

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

For **Harish Popli & Associates**
Company Secretaries

Harish Kumar
Proprietor
ACS: 24843, COP: 22475

Place: New Delhi
Date: May 6, 2022

UDIN: A024843D000295047

CERTIFICATE ON CORPORATE GOVERNANCE

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

To,
The Members of
Fusion Micro Finance Limited
Regd. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi New Delhi DL 110028 IN

We have examined the compliance of conditions of Corporate Governance by Fusion Micro Finance Limited for the year ended 31st March, 2022 as per regulations 17 to 27 of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information, based on the records, documents, books, and other information furnished and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as per regulations 17 to 27 of Listing Regulations as applicable.

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

For **Harish Popli & Associates**
Company Secretaries

Harish Kumar
Proprietor
ACS: 24843, COP: 22475

Place: New Delhi
Date: May 6, 2022

UDIN: A024843D000295003

CEO & CFO CERTIFICATE

The Board of Directors
Fusion Micro 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 2022 and that to the best of our knowledge and belief:

    a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

    b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

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

3. We accept 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 there was no deficiencies in the design or operation of such internal controls, of which we are aware and the steps were required to be taken to rectify these deficiencies.

4. We have indicated to the Auditors and the Audit Committee:

    a. Significant changes in internal control over financial reporting during the year;

    b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

    c. Instances of significant fraud of which they 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/-	Sd/-
Place: Gurugram	**Gaurav Maheshwari**	**Devesh Sachdev**
Date: May 6, 2022	*CFO*	*MD & CEO*

Form No. MR-3
Secretarial Audit Report

[For the Financial Year ended on 31st March, 2022]

[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 Micro Finance Limited
Formerly: Fusion Micro Finance Private Limited
Corp Office: Plot No 86, Institutional Sector -32.
Gurugram –HR-122001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by the Fusion Micro Finance Limited (CIN No-U65100DL1994PLC061287) having its Registered office at H-1, C Block Community Centre, Naraina Vihar, New Delhi-110048 and Corporate Office at Plot No 86, Institutional Sector -32, Gurugram (Haryana) 122001 (hereinafter called 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 books, papers, minute books, forms and returns filed and other records or registers maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022, 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 or registers maintained by the Company for the period ended on 31st March 2022, 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 thereunder;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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'), viz.;

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Only Debt Securities were listed on the Stock Exchanges; hence, no such transaction was held during the financial year and accordingly the Regulations were not applicable to the Company during the audit period.

b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c) The Securities and Exchange Board of India (Registrars to an Issue and Shares Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; The Company was not engaged in the activities relating to Registrar to an Issue and was also not acting as Share Transfer Agent, Hence the aforesaid Regulations were not applicable to the Company during the Audit period.

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

e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

Since, the Equity Shares of the Company were not listed, therefore, regulations stated above at sub-clauses (d) to (h) of clause (v) of this Report, were not applicable on the Company during the audit period.

(vi) Other labour, environment and specific applicable Acts / Laws to the Company for which Secretarial Audit was conducted as an overview audit and was generally based / relied upon the documents provided to us and Management Confirmation Certificate provided by the Management of the Company & other audit report and certificates given by other professionals, the company has complied with the following Acts / Laws applicable to the Company during the audit period:

a) Reserve Bank of India Act read with Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011 and other related policies and guidelines issued by Reserve Bank of India as amended till date;

b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952;

c) The Contract Labour (Regulations and Abolition) Act, 1970;

d) Maternity Benefit Act, 1961;

e) Minimum Wages Act, 1948;

f) The Payment of Wages Act, 1936;

g) The Equal Remuneration Act, 1976;

h) The Shops and Commercial Establishments Act, 1958;

i) The Payment of Bonus Act, 1965;

j) The Child Labour (Prohibition & Regulation) Act, 1986;

k) The Payment of Gratuity Act, 1972;

l) Employment Exchanges (Compulsory Notification Of Vacancies) Act, 1959 and Rules made thereunder;

m) Labour Welfare Fund Act;

n) Indian Stamp Act, 1899;

o) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules 2013;

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) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, in respect of listing of non-convertible debentures with BSE Ltd.

We have not examined the 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.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

1) The Company has complied with Companies Act 2013 in respect of constitution of the board with proper balance of Executive, Non-Executive Directors & Independent Directors. The Changes in the Composition of the Board of Directors that took place during the period under review out in compliance with the provisions of the Act;

2) Adequate notice is given to all Directors to schedule the Board Meetings atleast seven days in advance and agenda and detailed notes on agenda were also sent in advance to all the Directors subsequently, 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. In case of shorter notice, the Company has complied with the applicable provisions of Section 173 of the Companies Act, 2013 read with clause 1.3.7 of the Secretarial Standard -1 of ICSI;

3) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes;

4) The Company has obtained requisite approval, permission, confirmation from Registrar of Companies, NCT of Delhi & Haryana, Securities & Exchange Board of India, BSE Limited, Debenture Trustee and other regulated bodies in respect of:

   a) Conversion of its status from Private Limited Company to Public Limited Company by way of Passing Special Resolution in its Extra-Ordinary General Meeting held on 26th April 2021 and obtained fresh certificate of incorporation on 20th July 2021consequent upon conversion of status from Registrar of Companies NCT of Delhi & Haryana, New Delhi,

   b) Shareholders has approved in the Extraordinary General Meeting held on 26th Day of April, 2021 for adoption of New Articles of Association of the Company & Reclassification and Increase in the Authorized Share Capital of the Company,

   c) Shareholders in the Annual General Meeting held on 16th day of June 2021 besides other regular resolutions has also approved resolutions relating to Increase in the Borrowing Limit of the Company (apart from temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) and creation of charges on the movable properties of the Company, both present and future in respect of Borrowings under section 180(1) (c) And 180(1) (a) of the Companies act, 2013 upto ₹8000 Crores and also approved the Limit of Raising of Funds through Non–Convertible Debentures upto ₹2000 Crores.

   d) Board approval on 25th July 2021 for Call money of –

      a. ₹109 per Equity Share on 10,99,295 partly paid Equity Shares issued at face value of ₹10/- each and premium of ₹100 each.

      b. ₹109 per Equity Share on 6,47,659 partly paid Equity Shares issued at face value of ₹10/- each and premium of ₹100 each.

      c. ₹153.04 per Equity Share on 13,52,454 partly paid Equity Shares issued at face value of ₹10/- each and premium of ₹144.04 each.

      d. ₹289.48 per Equity Share on 8,43,264 partly paid Equity Shares issued at face value of ₹10/- each and premium of ₹280.48 each.

      Considering the same, all the partly paid-up equity shares of the Company as on March 31, 2022 are fully paid up.

   e) Shareholders in the Extraordinary General Meeting held on 27th Day of July, 2021 has passed the resolutions relating to approval of Initial Public Offering of Equity Shares of the Company, approved the Adoption of Restated of Articles of Association of the Company and Approval for Amendment in Fusion Micro Finance Limited Employees Stock Option Plan ("ESOP 2014"/ "PLAN") as well as Amendment in Fusion Employee Stock Option Plan 2016 ("ESOP 2016"/ "PLAN").

   f) Issue & Allotment of 450 (Four Hundred Fifty) Rated, Listed, unsecured, unsubordinated, Redeemable, transferable, Non-Convertible Debenture of face value of ₹10,00,000 (Rupees Ten Lakh) each on 21st December 2021,

   g) Issue & Allotment of 250 (Two Hundred Fifty) Rated, Unlisted, subordinated, Unsecured, Tier II, Redeemable, Transferrable, Non-Convertible Debenture of ₹10,00,000 (Rupees Ten Lakh) and 30 (Thirty) Unsecured, Subordinated, Tier-II, Rated, Unlisted, Taxable, Redeemable Non-Convertible Subordinate Debentures of ₹10,00,000 (Rupees Ten Lakh) each on 31st March 2022,

   h) Redemption of 1,430 (One Thousand four Hundred Thirty) Non-convertible debentures of ₹10,00,000 (Rupees Ten Lakh) each during the financial year,

   i) Partial Redemption of 1,850 (One Thousand Eight Hundred Fifty) Non-convertible debentures of ₹10,00,000 (Rupees Ten Lakh) each during the financial year to the extent of ₹56.10 Crore (Fifty-six Crore Ten Lacs).

   All the applicable provisions of the Companies Act, 2013 relating to above matters have been duly complied with by the Company. Further Company has also paid stamp duty on issuance of Non-convertible Debentures as per applicable stamp duty provisions;

5) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act 2013, Depositories Act and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

6) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

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 audit period, there were no instances of:

a) Public / Preferential Issue of Shares / Sweat Equity except as stated above in point No. 4;

b) Buy-back of Securities;

c) Merger / Amalgamation / Reconstruction etc. and

d) Foreign Technical Collaborations.

For Navneet K Arora & Co LLP
Company Secretaries

CS Navneet Arora
Managing Partner
CS: 3214, COP: 3005
[ICSI Firm Unique Identification Code: P2009DE061500]
Place: New Delhi UDIN: F003214D000242827
Date: 29th April 2022

[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].

To,
The Members,
Fusion Micro Finance Limited
Formerly: Fusion Micro Finance Private Limited
Corp Office: Plot No 86, Institutional Sector -32.
Gurugram –HR-122001

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

1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4) Wherever 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 Navneet K Arora & Co LLP
Company Secretaries

CS Navneet Arora
Managing Partner
CS: 3214, COP: 3005
[ICSI Firm Unique Identification Code: P2009DE061500]
UDIN: F003214D000242827

Place: New Delhi
Date: 29th April 2022

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

Strong economic fundamentals will likely help India avoid the long-term impacts of the ongoing conflict in Ukraine.

Right when the global economy seemed to be at the cusp of witnessing green shoots of recovery after leaving the worst of the COVID-19 pandemic behind (despite uncertainties associated with subsequent waves of infection and rising global inflationary pressures), the Russia-Ukraine crisis escalated. Consequently, prices of crude oil and gas, food grains and several major commodities have shot up. The conflict has also brought in severe financial sanctions and political pressure on Russia from the rest of the world It is obvious that these will likely have unpredictable and undesired implications on the global financial system and economy.

However, India's underlying economic fundamentals are strong and despite the short-term turbulence, the impact on the long-term outlook will be marginal. The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will start kicking in from 2023, leading to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency—all leading to accelerated economic growth.

Furthermore, the emphasis on manufacturing in India, various government incentives such as lower taxes, and rising services exports on the back of stronger digitization and technology transformation drive across the world will aid in growth. Also, several spill over effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. Global in-house centres and multinationals, for instance, may prefer India over Eastern European markets (especially those that border Ukraine) to shift their current operations or open new facilities. On the health front, a large, vaccinated population will likely help contain the impact of subsequent infections waves, if any.

On a positive note, there was a visible growth in credit uptake in FY 2021–22, with agricultural and industrial sectors and personal loans driving the uptick. Falling gross nonperforming asset (GNPA) ratios in the industry sector (by 7.6% in three years) contributed to a significant rise in lending to this sector. Credit growth in the services sector, meanwhile, remained muted while the GNPA ratio remained higher than pre-pandemic levels. Banks and nonbanking financial companies (NBFCs) have healthier balance sheets and provisions compared to the levels seen in 2018.

Inflation will likely be the wild card over the next year, the rapid reopening of the economy that is currently underway will drive growth in contact-intensive services sectors, which have been laggards so far. This will push prices for services up as well, adding to the inflation woes.

However, the RBI will be watchful of how the inflation dynamics play out—it may accordingly decide to use other policy instruments to keep inflation and currency depreciation in check. The frequency and the number of hikes will also depend on how gradual the demand recovery is and whether credit tightening is successful in deescalating inflation.

The next few months will be critical for India's economy as the government and the RBI work at balancing the stress on inflation, currency, external accounts, and fiscal deficit. The good news is, India has endured the pandemic for over two years and has come out of it more resilient. The hope is that the current pressures on the economy too shall pass.

Microfinance Industry – Key Takeaways (source Micrometer report as of March 2022)

- Portfolio outstanding of Microfinance sector at ₹2.85 Lacs Cr. as of Mar 22 vs 2.59 Lacs Cr. as of Mar 21 registering a Y-o-Y growth of 10%
- Nearly 11.3% Q-o-Q growth in the Microfinance book in Q4 FY22, up from 5.3% Q-o-Q growth in the previous quarter
- As of Mar'22, while Banks lead the pack with a portfolio share of 40%, NBFC MFIs have ended the year with a share of 35% up from 31% as of Mar 21 …… registering a 400 bps increase whereas the Banks' share has come down from 43.6% in Mar 21 to current 40%. SFBs account for 17% share vs 15.8% as of Mar'21
- The sector had 11.3 Cr active loans as of Mar 22 vs 10.8 Cr active loans as of Mar 21 registering a 4.6% increase in a covid impacted year. Total disbursements for the sector in Mar 22 were at 2.39 Lac Cr vs 1.88 Lac Cr registering a 27% increase YoY

- Average ticket size for FY 20-21 was ₹38105 vs ₹36738 for FY 21-22 registering a marginal increase of 3.7%
- PAR 30+ DPD as of Mar'22 vs Mar'21 has declined for NBFC MFIs & NBFCs while it has gone up for Banks and SFBs

Top 10 states by GLP contribute to ~ 83% of national GLP, Tamil Nadu is now the largest state in terms of GLP followed by Bihar and West Bengal

INDUSTRY STRUCTURE AND DEVELOPMENT

A very important development for the sector was the roll out of New Eligibility Guidelines by the Reserve Bank as on March 14th 2022.

The new set of guidelines have provided the Lenders (any category be it a Public Sector Bank, private Bank, NBFC, NBFC MFI, any other) engaged in the business of Micro Finance, a framework which clearly defines operational criteria to be followed universally across. The KEY changes are as follows:

- House Hold income based customer eligibility criteria: now everyone with a total HH income of ≤ 3 Lacs p.a. can potentially qualify as a MF customer. This was earlier < 1.25 Lacs for Rural and < 2Lacs for Urban customers.
- Overall debt servicing level / expense assessment: as per new guidelines, only 50% of the HH income will be available for calculating Debt Service capacity. FOIR – which is the Fixed Income to Obligation Ratio (Fixed Income to Instalment Servicing Obligation including the proposed loan) cannot be > 0.5.
- Flexible, transparent Pricing mechanism now doing away with 10%/12% margin caps on COF (cost of funds) as was the case earlier.
- No restriction on Total Exposure, Loan Amount Size per product, Number of Lenders.
- Qualifying portfolio as a proportion of total assets requirement for a lender reduced from current 85% to 75%.

These guidelines have provided a much needed 'level playing field' for all practitioners by practically nullifying whatever arbitrage(s) were there for certain categories of lenders and have also now removed all erstwhile caps on aspects like gross exposure / no. of lenders / pricing margin etc in order to provide greater operational flexibility while at the same time facilitating introduction of risk premium based pricing benefiting customers who demonstrate relatively better credit discipline.

OPPORTUNITIES AND THREATS

A. Opportunities

- New Guidelines issued by RBI which expand the qualification criteria for a Customer to be tapped by the MF sector provides potentially a wider strike zone for all practitioners eventually facilitating sector growth.
- Integration of Comprehensive Credit Report with MF loans will greatly help in improving the overall portfolio quality by optimizing exposure levels and inculcating greater credit discipline.
- Better growth prospects coupled with improvement in portfolio quality post covid will encourage investments and better liquidity support for all lenders across the sector
- Greater responsibility resting with the respective Boards of lenders will help strengthen corporate governance

B. Threats

- Un-predictability of a 4th or 5th Covid wave is a major threat given the impact seen by the sector in the 3 waves since its onset in March 2020.
- Current global unrest with the prolonged Russia – Ukraine crisis setting back growth oriented initiatives taken by many countries, impacting capital markets, trade balance, supply chains, budgetary allocations, banking system/credit offtake etc.
- Natural events like lower than expected Monsoons, Floods, Cyclones etc.

COMPANY OVERVIEW

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

Headquartered in Gurgaon, the Company's operations are spread across 18 Indian states including 2 Union Territories and managed by an experienced and enthusiastic workforce.

OPERATIONAL PERFORMANCE

The Company registered a strong performance in 2021-22. From an operational perspective, the Company has taken important strides which promise to make its profitable growth sustainable.

The Company has extended its branch network further in the 18 states that it operates in with total number of branches as of Mar 22 being 934 as against 725 as of Mar 21. Significantly, the company also increased its customer base to 27.23 Lakhs as of Mar 22 as compared to 21.5 Lakhs as of Mar 21.

Further, the Company has continued to focus on digital transformation initiatives in enabling business process automation. The various digital solutions have helped not only in improving internal productivity but also enhanced customer experience. While cashless disbursements have increased significantly, the company also implemented digital collections using Unified Payments Interface (UPI). And, the emphasis has been on continuous improvement leveraging next gen technologies like Artificial Intelligence and Robotic Process Automation to achieve digitization across varied business processes.

FINANCIAL PERFORMANCE

(All amounts are in Rupees millions unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations		
Interest Income	10643.19	8275.64
Fees and commission Income	13.86	7.19
Net gain on fair value changes	247.65	167.45
Net gain on derecognition of financial instruments under amortized cost category	607.95	107.84
Total Revenue from operations	**11512.65**	**8558.12**
Other Income	500.84	172.76
Total Income	**12013.49**	**8730.88**
Expenses		
Finance Costs	4959.64	3751.04
Impairment on financial instruments	3686.93	2207.80
Employee benefits expenses	2330.66	1686.40
Depreciation and amortization	53.71	38.94
Other expenses	738.29	478.79
Total Expenses	**11769.23**	**8162.97**
Profit before tax	**244.26**	**567.91**
Tax Expense:		
Current Tax	129.77	588.71
Deferred Tax	(103.06)	(460.24)
Profit for the year	**217.55**	**439.44**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains/(loss) on defined benefit plans	2.96	0.04
Income tax effect	(0.74)	(0.01)
	2.22	**0.03**
Total Comprehensive Income for the year	**219.77**	**439.47**

Net Profit Margin percentage of the Company reduced from 5.03% in FY'21 to 1.81% in FY'22 and the return on net worth reduced from 3.59% in FY'21 to 1.68% in FY'22 due Fall in net profit in FY 2021-22 to ₹217.55 Millions from ₹439.44 Millions in FY 2020-21.

OUTLOOK FOR 2022-23

Given the strong uptick in fresh disbursements in Q3 & Q4 FY 21-22, the outlook for FY 22-23 is very positive. Rural India has once again demonstrated its resilience against adversity and is leading from the front in ensuring higher credit off take especially in the retail lending portfolio segment across the country. Beginning Sep 2021, driven by strong latent demand, a large number of practitioners in the Micro Financing sector saw relative new highs in their respective disbursement levels and a sustained improvement in collection efficiency levels.

Adding to this conviction has been the roll out of new guidelines for the Micro Financing sector by RBI in March 2022 which has been welcomed by all the practitioners involved in Micro Financing business be it NBFC MFI, NBFCs, Banks, SFBs etc as the new guidelines have directionally provided a level playing field and removed limits imposed selectively on Pricing, Overall exposure, No. of lenders, Ticket size etc.

Also, having already taken the financial provisioning/ impact of NPA/Written off cases in FY 21-22, all leading practitioners are targeting the untapped potential in the Micro Financing sector with renewed enthusiasm and this augurs well for FY 22-23.

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

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

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

RISK AND CONCERNS

Risk management is embedded in the Company's operating framework. The Company believes that managing risks helps in maximizing returns.

The Company has integrated risk management practices into governance and operations. Appropriate systems and tools are in place for identification, measurement, reporting and managing 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 Audit function.

Risk Management policies and processes have been designed for periodic review and mitigation of all the 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.

Risk Management at Fusion is an enterprise-wide function backed by a qualified team of specialists with deep industry experience who develop frameworks and methodologies for assessing and mitigating risks. The Risk Management Plan forms the basis for implementation of risk management strategies and practices in detail.

HUMAN RESOURCE

Our people are our most important assets. We are committed to hiring and retaining the best talent and being among the industry's leading employers. For this, we focus on promoting a collaborative, transparent and participative and inclusive organization culture, and rewarding merit and sustained high performance. Our human resource management focuses on allowing our employees to develop their skills and grow in their career.

The Company has setup structured induction process for new joiners across the nation also providing management programs to upskill the employees. The Company constantly strives to strengthen our people in alignment with the business needs and continue to engage them through various initiatives in the field of learning & development opportunities, reward & recognition, employee engagement activities & career growth.

The company has provided all kind of support to its people during the covid crisis, comprehensive covid policy was framed covering monetary support for tests, hospitalization, and mental well-being.

During the last two years of Covid, the company has been able to pivot and digitize end-to-end process from sourcing, recruiting, onboarding, and engaging with the people, thus removing many frictions in the process.

We are striving for gender balance as a business imperative. We know gender balance and more women in leadership roles will help us deliver sustainable growth.

The Company's progressive HR policies along with offering conducive work culture to our employees has made us a Great place to work certified for 3 years in running.

CAUTIONARY STATEMENT

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

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

	SD/-	SD/-
	Devesh Sachdev	**Ratna Dharashree Vishwanathan**
Place: Gurugram	*MD and CEO*	*Director*
Dated: May 6, 2022	DIN: 02547111	DIN: 07278291

ANNEXURE 4

Annual Report on CSR ACTIVITIES

FOR FINANCIAL YEAR ENDED ON MARCH 31, 2022

1. Brief outline on CSR Policy of the Company:

In alignment with the vision of the Fusion Micro Finance Limited ("Company/FML) as its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community in fulfilment of its role as a Socially Responsible Corporate with environmental concern.

2. Composition of CSR Committee as on March 31, 2022:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	Ms. Ratna Dharashree Vishwanathan	Chairperson	4	3
ii.	Mr. Devesh Sachdev	Member	4	4
iii.	Mr. Pankaj Vaish*	Member	3	3
iv.	Mr. Shobinder Duggal*	Member	-	-

*Mr. Shobinder Duggal appointed as member of the Committee w.e.f. May 26, 2021 and ceased to be the member w.e.f. September 22,2021. Subsequently, Mr. Pankaj Vaish appointed as member of Committee w.e.f September 22, 2021.

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. : www.fusionmicrofinance.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). : Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
		Nil	

6. Average net profit of the company as per section 135(5): ₹779,904,397.

7. (a) Two percent of average net profit of the company as per section 135(5): ₹1,55,98,088

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

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

(d) Total CSR obligation for the financial year (7a+7b- 7c) : ₹1,55,98,088

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,55,98,089	Nil			Not Applicable	

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Imple-mentation-Di-rect (Yes/No)	Mode of Implementa-tion – Through Implementing Agency
				State	District				Name	CSR Registration number
							NA			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Amount spent for the project (in ₹)	Mode of implemen-tation-Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registra-tion number
1.	Covid 19 Welfare Work	Relief and Welfare Work	Yes	Assam, Uttar Pradesh, Bihar, Odisha, Rajasthan, Madhya Pradesh, Punjab, Haryana, Tamil Nadu, Himachal Pradesh, Gujarat, Chhattisgarh, Jharkhand, Uttarakhand, Delhi, Maharashtra, Puducherry and West Bengal	Multiple districts	36,94,305	No	Pragya Social Organization	CSR00001462
								Bahudday Lok Sewa Sansthan	CSR00012447
								Doctors For You	CSR00000608
								RAWA Academy	CSR00002778
								Parivartan	CSR00002607
								Safe Society	CSR00003132
2.	Flood Relief Work	Relief and Welfare Work	Yes	Bihar, Uttar Pradesh, Madhya Pradesh, Gujarat, Puducherry, and Tamil Nadu	Varanasi, Ghazi-pur, Shivpuri, Sheopur, Begusarai, East champaran, Muzaffarpur, Samastipur, Jam-nagar, Viluppur-am, Thiruvallur, Cuddalore, Puducherry, Tiruvannamalai	13,94,361	Yes		

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
3.	Financial and Digital Literacy	Promoting Education	Yes	Uttar Pradesh, Bihar, Madhya Pradesh, Haryana, Punjab, Rajasthan, Tamil Nadu	Khusinagar, Satna, Shahdol, West Champaran, Sonbhadra, Cuddalore, Nagaur, Bareilly, Saharanpur, Moga, Bijnor, Yamunanagar, Dungarpur	17,94,780	No	Safe Society	CSR00003132
								Pragya Social Organization	CSR00001462
4.	Project Shiksha-Scholarship Program	Promoting Education	Yes	Haryana, Odisha	Karnal, Rewari, Jhajjar, Pehowa, Sirsa, Kendrapara, Jajpur, Jagatsinghpur, Cuttack, Puri	11,04,777	No	Buddy4Study Foundation	CSR00000121
5.	Grant to Aarohan	Promoting Education	Yes	Delhi	South Delhi	1,00,000	No	Aarohan	CSR00004308
6.	Grant to RK Mission Ashram	Promoting Education	Yes	Uttar Pradesh	Kanpur	2,00,000	No	Ramakrishna Mission Ashrama	
7.	Menstruation Hygiene Management Program	Promoting Healthcare	Yes	Odisha	Kalahandi	14,29,017	No	Bharat Gyan Vigyan Samiti	CSR00020042
								Netram Eye Foundation	CSR00000560
8.	Health Check Up Camps	Promoting Healthcare	Yes	Uttar Pradesh, Bihar, Rajasthan, Madhya Pradesh, Punjab, Haryana, Odisha, Chhattisgarh, Uttarakhand and Jharkhand	Bathinda, Fatehabad, Sheopur, Saharsa, Gopalganj, Shivpuri, Hazaribagh, Puri, Amritsar, Kurukshetra, Udham Singh Nagar, Saharanpur, Barabanki, Katni, Sagar, Udaipur, and Jabalpur	10,11,452	No	Pragya Social Organization	CSR00001462
								Bahudday Lok Sewa Sansthan	CSR00012447
								Doctors For You	CSR00000608
								Netram Eye Foundation	CSR00000560
9.	Project Ojas	Promoting Healthcare	Yes	Rajasthan and Odisha	Chhitorgarh, and Subarnapur	12,12,736	No	Operation Eyesight India	CSR00003071
10.	Project Beej: An Agriculture Initiative	Ensuring Environmental Sustainability	Yes	Uttar Pradesh and Madhya Pradesh	Bijnor and Sagar	8,18,000	No	Bahudday Lok Sewa Sansthan	CSR00012447
11.	Wheelchair Distribution Program	Promoting Healthcare	Yes	Haryana	Karnal and Rohtak	1,63,842	Yes		
12.	Waterwheel Distribution Program	Promoting Sanitation (WASH)	Yes	Punjab, Haryana, Odisha, Gujarat, Tamil Nadu, West Bengal and Jharkhand	Muktsar, Boudh, Jajpur, Sirsa, Giridih, Bankura, Tiruchirappalli, Anand and Vadodara	9,36,001	Yes		
13.	Training of National Athletes	Promoting Sports	No	Karnataka		10,00,000	No	GoSports Foundation	CSR00002235
14.	Plantation Drive	Ensuring Environmental Sustainability	Yes	Uttarakhand	Haridwar	3,30,225	No	Bahudday Lok Sewa Sansthan	CSR00012447
15.	Skill Enhancement for Sustainable Livelihood	Promoting Livelihood	Yes	Punjab	Sangrur	77,512	No	B-Able Foundation	CSR00000740
	TOTAL					1,52,67,008			

(d) Amount spent in Administrative Overheads: ₹3,31,081

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹1,55,98,089

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

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,55,98,088
(ii)	Total amount spent for the Financial Year	1,55,98,089
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1
(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)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
				NA			

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project -Completed /Ongoing
					NA			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):
    a) Date of creation or acquisition of the capital asset(s). NIL
    b) Amount of CSR spent for creation or acquisition of capital asset. NIL
    c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable
    d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable

RESPONSIBILITY STATEMENT

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

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

SD/-
Devesh Sachdev
MD and CEO

SD/-
Ratna Dharashree Vishwanathan
Chairperson of CSR Committee

Place: Gurugram
Dated: May 6, 2022

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

S.No.	PARTICULARS	DISCLOSURES
(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director & CEO: 71:1
(ii)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	**Increase in Remuneration:** Chief Executive Officer: 50% Chief Financial Officer: 27% Company Secretary: 30%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	10.03%
(iv)	the number of permanent employees on the rolls of company as on March 2022;	8716
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was 10.03% and the average increase in the managerial remuneration (CEO, CFO & CS) was 35.67%. In the last financial year, the Company decided to benchmark the remuneration of employees with the peer group. Considering the one-time benchmarking with the peer group and other relevant parameters, the Board of Directors approved the increment given to the employees including the senior managerial & managerial personnel.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

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

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

Employee Name	Designation	Qualification	Remuneration Received*	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/ manager
Devesh Sachdev	Chief Executive Officer	MBA	3,75,23,444	Full time employment	01-Jan-10	49	25	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer	MBA	1,13,43,820	Full time employment	19-Jun-17	52	30	SBI Cards	No
Kamal Kumar Kaushik	Chief Operating Officer	CA	93,14,312	Full time employment	22-Jul-19	49	22	Religare Housing Development Finance	No

Employee Name	Designation	Qualification	Remuneration Received*	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	Whether relative of any director/ manager
Gaurav Maheshwari	Chief Financial Officer	CA, MBF	83,85,279	Full time employment	03-Feb-16	43	18	Avantha Group	No
Ankush Ahluwalia	Senior Vice President	MBE	76,83,374	Full time employment	03-Aug-15	43	19	Magma Fincorp Ltd.	No
Satish Mani	Senior Vice President	B. Com	46,91,601	Full time employment	08-Apr-15	50	28	GE Commercial Finance	No
Deepak Madaan	Vice President	CS	44,95,668	Full time employment	01-Jun-13	35	14	Almondz Capital and Management Services Ltd	No
Sanjay Vishwanath Choudhary	Chief Risk Officer	CA	42,77,074	Full time employment	02-Sep-20	46	23	Satin Credit Care	No
Naveen Kumar Mangle	Chief Technology Officer	MBA	41,82,299	Full time employment	17-Sep-19	44	19	Aviva Life Insurance	No
Manish Verma	Senior Vice President	PGDBA	40,30,130	Full time employment	04-Jan-20	46	24	IDFC First Bank Ltd.	No

*includes performance linked incentives for the FY 2020-21 paid in FY 2021-22.

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*	Nature of employment	Date of Commencement of Employment	Age	Experience (in Years)	Last Employment Details	Whether relative of any director/ manager
Devesh Sachdev	Chief Executive Officer	MBA	3,75,23,444	Full time employment	01-Jan-10	49	25	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer	MBA	1,13,43,820	Full time employment	19-Jun-17	52	30	SBI Cards	No

* includes performance linked incentives for the FY 2020-21 paid in FY 2021-22.

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

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

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

SD/-
Devesh Sachdev
MD and CEO
DIN: 02547111

SD/-
Ratna Dharashree Vishwanathan
Director
DIN: 07278291

Place: Gurugram
Dated: May 6, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Fusion Micro Finance Limited (formerly, Fusion Micro Finance Private Limited")

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fusion Micro Finance Company Limited ("the Company") (formerly, Fusion Micro Finance Private Limited"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 53 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.

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 for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
(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. **Additional considerations on account of CoVID-19** Pursuant to the Reserve Bank of India circular dated May 5, 2022("RBI circular") allowing lending institutions to restructure the loans, the Company has restructured the loans given to its borrowers in accordance with its Board approved policy. The Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors and impact of CoVID-19 on the borrower's ability to service their obligations on a timely basis. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID-19 related developments, it is a key audit matter.	Our audit procedures included, among others, ● Considering the Company's accounting policies for impairment of loan receivables, assessing compliance with the policies in terms of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. ● Tested the assumptions used by the Company for staging of loan portfolio into various categories and default buckets for determining the Probability of Default ("PD") and Loss Given Default ("LGD") rates. ● Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. ● Tested the input data used for determining the PD and LGD rates and compared the data with the underlying books of accounts and records. ● Reviewed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. ● Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium. ● Tested assumptions used by the management in determining the overlay for macro-economic factors (including CoVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. ● Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. ● Compared the disclosures included in the financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the financial statements with regards to the impact of CoVID-19 and its impact on ECL estimation and other disclosures as prescribed by RBI relating to moratorium granted.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis and Board's Report including Annexures to Board Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 and to comply with the relevant applicable requirements of the standard for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibilities of Management 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 the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities 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 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 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.

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.

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 for the financial year ended March 31, 2022 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 the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   g. In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

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

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 14 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, other than as disclosed in the note 58 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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, other than as disclosed in the note 58 to the financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, 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; and

c) Based on such audit procedures that were 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 (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 22094533AIMTAY5437

Palace : Gurugram
Date : May 6, 2022

Annexure referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Fusion Micro Finance Limited ('the Company')

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 intangibles assets.

(b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of Rupees five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) Since the principal business of the Company is to give loans, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Corporation.

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing microfinance loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 6 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 6 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(e) Since the principal business of the Company is to give loans, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Corporation.

(f) 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 to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

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

(ix) (c) Monies raised during the year by the Company by way of term loans, ₹ 42,042.92 Mn was initially invested in liquid investments payable on demand and were ultimately applied for the purpose for which they were raised.

(ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix) (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(xi) (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by [cost auditor/ secretarial auditor or by us] in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

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

(xvi) (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.

(xvi) (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 in the current financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 54(x) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 34 to the financial statements.

(xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 34 to the financial statements.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 22094533AIMTAY5437

Palace : Gurugram
Date : May 6, 2022

Annexure 2 referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls with reference to financial statements of Fusion Micro Finance Limited (formerly, Fusion Micro Finance Private Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 based on he internal control over financial reporting 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 ("ICAI"). 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 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 these financial statements 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") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these 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 these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these 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 audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 22094533AIMTAY5437

Palace : Gurugram
Date : May 6, 2022

Balance Sheet AS AT MARCH 31, 2022

(₹ in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Financial assets			
Cash and cash equivalents	3	10,113.72	12,154.20
Bank balance other than cash and cash equivalents	4	1,422.26	1,198.36
Trade receivables	5	43.42	27.93
Loans	6	59,181.94	43,607.30
Other financial assets	7	668.65	300.76
Total financial assets		**71,429.99**	**57,288.55**
Non-financial Assets			
Current tax assets (net)	8	353.61	119.58
Deferred tax assets (net)	9	867.56	765.28
Property, plant and equipment	10	122.04	102.74
Right of use asset	11	69.17	78.19
Intangible assets	12	0.71	1.90
Other non-financial assets	13	61.74	23.09
Total non-financial assets		**1,474.83**	**1,090.78**
Total assets		**72,904.82**	**58,379.33**
Liabilities			
Financial liabilities			
Derivative financial instrument	14	77.11	-
Trade payables			
total outstanding dues of micro enterprises and small enterprises	15	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	15	176.59	113.06
Debt securities	16	7,837.76	9,904.50
Borrowings (other than debt securities)	17	48,294.66	33,250.79
Subordinated liabilities	18	1,625.67	1,167.21
Other financial liabilities	19	1,334.32	1,265.98
Total financial liabilities		**59,346.11**	**45,701.54**
Non-financial liabilities			
Current tax liabilities (net)	20	1.04	53.98
Provisions	21	71.68	80.76
Other non-financial liabilities	22	106.48	79.50
Total non-financial liabilities		**179.20**	**214.24**
Total liabilities		**59,525.31**	**45,915.78**
Equity			
Equity share capital	24	827.60	790.37
Other equity	25	12,551.91	11,673.18
Total equity		**13,379.51**	**12,463.55**
Total liabilities and equity		**72,904.82**	**58,379.33**
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Amit Kabra
Partner
Membership Number : 094533

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date: **May 06, 2022**

Place: Gurugram
Date: **May 06, 2022**

Statement of Profit & Loss FOR THE YEAR ENDED MARCH 31, 2022

(₹ in millions unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
Interest income	26	10,643.19	8,275.64
Fees and commission income	27	13.86	7.19
Net gain on fair value changes	28	247.65	167.45
Net gain on derecognition of financial instruments under amortised cost category	29	607.95	107.84
Total revenue from operations		**11,512.65**	**8,558.12**
Other income	30	500.84	172.76
Total income		**12,013.49**	**8,730.88**
Expenses			
Finance costs	31	4,959.64	3,751.04
Impairment on financial instruments	32	3,686.93	2,207.80
Employee benefits expenses	33	2,330.66	1,686.40
Depreciation and amortization	10-12	53.71	38.94
Others expenses	34	738.29	478.79
Total expenses		**11,769.23**	**8,162.97**
Profit before tax		**244.26**	**567.91**
Tax expense/(credit):			
Current tax	35	129.77	588.71
Deferred tax	35	(103.06)	(460.24)
Profit for the year		**217.55**	**439.44**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on defined benefit plans		2.96	0.04
Income tax effect on above		(0.74)	(0.01)
Total other comprehensive income for the year		**2.22**	**0.03**
Total comprehensive income for the year		**219.77**	**439.47**
Earnings per equity share (equity share par value of ₹10 each)			
Basic (₹)	36	2.67	5.56
Diluted (₹)	36	2.64	5.49
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Amit Kabra
Partner
Membership Number : 094533

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date: **May 06, 2022**

Place: Gurugram
Date: **May 06, 2022**

Statement of Cash Flows FOR THE YEAR ENDED MARCH 31, 2022

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
I. 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 (used)/flow from operating activities (A)	**(16,407.28)**	**(7,930.25)**

Statement of Cash Flows FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
II. Cash flow from investing activities		
Purchase of property, plant and equipments	(62.77)	(75.41)
Proceeds from sale of property, plant and equipment	-	0.99
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)	(660.53)
Proceeds from debt securities	450.00	6,577.19
Repayment of borrowings (other than debt securities)	(25,905.28)	(20,036.34)
Proceeds from borrowings (other than debt securities)	41,043.00	28,711.21
Proceeds from Subordinated debt	550.00	-
Repayment of Subordinated debt	(70.00)	-
Payment of lease liability	(11.69)	(4.12)
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:

a) For disclosures relating to change in liabilities arising from financing activities, refer note 41.

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, 2022 and March 31, 2021 refer note 3.

Cash flow from operating activities includes interest received of ₹10,953.65 millions (previous year ₹6,755.39 millions) and interest paid of ₹4,925.73 millions (previous year ₹3,646.87 millions).

Significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Amit Kabra
Partner
Membership Number : 094533

Place: Gurugram
Date: **May 06, 2022**

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date: **May 06, 2022**

A Equity share capital

(₹ in millions unless otherwise stated)

Particulars	As at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2020	Changes during the year 2020-21	As at March 31, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at March 31, 2021	Changes during the year 2021-22	As at March 31, 2022
Equity share capital (fully paid up)	803.84	-	803.84	-	803.84	-	803.84	39.42	843.26
Less: Treasury shares*	(18.28)	-	(18.28)	0.87	(17.41)	-	(17.41)	1.75	(15.66)
Equity share capital (partly paid up)	3.94	-	3.94	-	3.94	-	3.94	(3.94)	-
-									
Total	**789.50**	**-**	**789.50**	**0.87**	**790.37**	**-**	**790.37**	**37.23**	**827.60**

*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

(₹ in millions unless otherwise stated)

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, 2020	**322.44**	**(141.37)**	**10,087.57**	**43.83**	**880.38**	**6.54**	**11,199.39**
Profit for the year	-	-	-	-	439.44	-	439.44
Other comprehensive income for the year	-	-	-	-	-	0.03	0.03
Transfer from retained earnings	87.89	-	-	-	(87.89)	-	-
Share based compensation	-	-	-	30.40	-	-	30.40
Exercise of share options	-	3.23	4.10	(3.41)	-	-	3.92
Lapse of share options	-	-	-	(2.36)	2.36	-	-
Balance as at March 31, 2021	**410.33**	**(138.14)**	**10,091.67**	**68.46**	**1,234.29**	**6.57**	**11,673.18**
Balance as at April 1, 2021	**410.33**	**(138.14)**	**10,091.67**	**68.46**	**1,234.29**	**6.57**	**11,673.18**
Profit for the year	-	-	-	-	217.55	-	217.55
Other comprehensive income for the year	-	-	-	-	-	2.22	2.22
Issue of shares	-	-	606.02	-	-	-	606.02
Transfer to / from retained earnings	43.51	-	-	-	(43.51)	-	-
Share based compensation	-	-	-	39.24	-	-	39.24
Exercise of share options	-	11.44	11.08	(8.82)	-	-	13.70
Lapse of share options	-	-	-	(3.73)	3.73	-	-
Balance as at March 31, 2022	**453.84**	**(126.70)**	**10,708.77**	**95.15**	**1,412.06**	**8.79**	**12,551.91**

#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 **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Amit Kabra
Partner
Membership Number : 094533

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date: **May 06, 2022**

Place: Gurugram
Date: **May 06, 2022**

1. Corporate information

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

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

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

The financial statements for the year ended March 31, 2022 were approved for issue in accordance with a resolution of the directors on May 06, 2022.

1A. Basis of Preparation of financial statements

The financial statements of the Company as at and for the year ended March 31, 2022, 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 recorded at fair value through profit or loss (FVTPL) and financial assets and liabilities designated at FVTPL, all of which have been measured at fair value. The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest million, except when otherwise indicated.

Presentation of financial statements

The Company presents its balance sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are only offset and reported net, when in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

A. The normal course of business.

B. The event of default.

C. The event of insolvency or bankruptcy of the Company and/or its counterparties.

Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2. Significant accounting policies

2.1 Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

2.1.1 Interest income

Interest revenue is recognized using the Effective Interest Rate method (EIR). The EIR method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than the credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income a 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. Revenue is measured at fair value of the consideration received or receivable.

a) Facilitation fees income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales 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.

c) Revenue from business correspondence services is recognized point in time when performance obligation is satisfied as per agreed terms and conditions of the contract

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.

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 Cash and cash equivalents, Bank balances, Loans, Trade receivables, financial investments and other financial assets at amortized cost

The Company measures cash and cash equivalents Bank balances, 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 when assessing newly originated or newly purchased financial assets going forward.

2.3.1.2 The SPPI test

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

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

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

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

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

2.3.2 Derivative financial instruments at fair value through profit or loss

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

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

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as currency and interest rate swaps , to hedge its foreign currency risks and interest rate risks, respectively. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Changes in the fair value of currency and interest rate swaps entered to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing are included in Net loss / (gain) on fair value of derivative contracts measured at fair value through profit or loss under finance cost. Changes in the fair value of other derivatives are included in net gain/(loss) on fair value changes unless hedge accounting is applied.

The notional amount and fair value of such derivatives are disclosed separately in Note 14. The Company does not apply hedge accounting.

2.3.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on funds issued, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date

For the accounting treatment of financial instruments with equity conversion rights and call options, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be accounted for separately.

2.3.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

  Or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

  Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

2.4 Reclassification of financial asset and liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2021-22 and 2020-21.

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 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 46 (e).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorizes its loans into Stage 1, Stage 2, Stage 3 as described below:

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure up to 30 days overdues fall under this category.

Stage 2

When loan that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

Loans considered credit-impaired. The Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.7.2 Methodology for calculating ECL

The Company calculates ECL based on a probability weighted outcome of factors indicated below to measure the expected cash shortfalls. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Exposure at default (EAD) – Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

Loss given default (LGD) – It is an estimate of the loss arising when the event of default occurs. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.7.3 Forward looking information

While estimating the expected credit loss, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Inflation, Unemployment rates, Benchmark rates set by Reserve Bank of India, with the estimate of PD, LGD determined by the Company based in its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

2.7.4 Write-offs

Loans are written off in their entirety only when the Company has stopped perusing the recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-offs. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries against such loan are credited to the statement of profit and loss.

2.7.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

2.8 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price at the measurement date that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments – Includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

For assets and liabilities that are recognized in the Financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.9 Foreign Currency transactions

2.9.1 Functional and presentation currency

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

2.9.2 Transaction and balance

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

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings are regarded as a cost of borrowing irrespective of whether they are capitalized or not as a part of the cost of the asset.

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 is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of property, plant and equipment have different useful lives, then

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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 provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the statement of Profit and Loss up to the date of sale.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment.

Asset category	Useful life (in years)
Furniture & Fixture	10
Electrical fittings	10
Computers & Printers	3
Office Equipment	5
Vehicles	8

2.13 Intangible assets

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 asset may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software - 3-6 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognized.

2.14 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 42.

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 (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.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The MD and CEO of the Company has been identified as the chief operating decision maker for the Company.

2.20 Contingent Liabilities and Contingent Assets

A Contingent Liability a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial statements.

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For the year ended March 31, 2022

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed, where an inflow of economic benefits are probable. The Company shall not recognise a contingent asset unless the recovery is virtually certain

2.21 Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee stock option schemes.

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital reserve. Share options exercised during the reporting period are satisfied with treasury shares.

2.22 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affects the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures, , as well as the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instrument

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly 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 has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company accounting policy disclosures.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

(iv) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

3 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	148.19	111.27
Balance with banks		
- on current accounts	9,365.40	7,690.27
- deposits with original maturity of less than 3 months*	600.13	4,352.66
Total	**10,113.72**	**12,154.20**

*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. The company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

4 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with remaining maturity of less than 12 months*	920.87	601.61
Deposits with remaining maturity of more than 12 months **	501.39	596.75
Total	**1,422.26**	**1,198.36**

*Includes lien free fixed deposits as at March 31, 2022 ₹60.54 millions (March 31, 2021: ₹336.02 millions)
**Includes lien free fixed deposits as at March 31, 2022 ₹3.79 millions (March 31, 2021: ₹36.27 millions)

Note: Fixed deposit and other balances with banks earns interest at contractual fixed rates.

5 Trade receivables (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good	43.42	27.93
Less : Impairment loss allowance	-	-
Total	**43.42**	**27.93**

Trade receivables ageing schedule as on March 31, 2022

Particular	Outstanding for following periods from due date of payment*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	43.42	-	-	-	-	43.42
(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	-	-	-	-	-	-
	43.42	**-**	**-**	**-**	**-**	**43.42**

Trade receivables ageing schedule as on March 31, 2021

Particular	Outstanding for following periods from due date of payment*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	27.93	-	-	-	-	27.93
(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	-	-	-	-	-	-
	27.93	**-**	**-**	**-**	**-**	**27.93**

*In case of no due date of payment disclosure has been given based on the date of the transaction.

Note: No trade or other receivable are due from directors and other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivable are non-interest bearing and generally on terms of 30 to 90 days.

6 Loans (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Term Loans:		
Joint liability loans	61,454.18	46,129.77
MSME Loans	1,331.26	330.55

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Total - Gross	**62,785.44**	**46,460.32**
Less: Impairment loss allowance	(3,603.50)	(2,853.02)
Total - Net	**59,181.94**	**43,607.30**
(a) Secured	271.61	35.07
(b) Unsecured	62,513.83	46,425.25
Total - Gross	**62,785.44**	**46,460.32**
Less: Impairment loss allowance	(3,603.50)	(2,853.02)
Total - Net	**59,181.94**	**43,607.30**
(a) Public sector	-	-
(b) Others	62,785.44	46,460.32
Total - Gross	**62,785.44**	**46,460.32**
Less: Impairment loss allowance	(3,603.50)	(2,853.02)
Total - Net	**59,181.94**	**43,607.30**
Above amount include		
(a) Loans provided in India	62,785.44	46,460.32
(b) Loans provided outside India	-	-
Total - Gross	**62,785.44**	**46,460.32**
Less: Impairment loss allowance	(3,603.50)	(2,853.02)
Total - Net	**59,181.94**	**43,607.30**

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 period ended March 31, 2022

Particular	*Stage I	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2021	40,763.84	3,137.58	2,558.90	46,460.32
New loans originated during the period, net off for repayments and derecognised portfolio	19,372.32	(1,491.18)	1,378.36	19,259.50
Loans written off during the period	-	-	(2,934.39)	(2,934.39)
Movement between stages				
Transfer from stage I	(2,640.41)	818.39	1,822.02	-
Transfer from stage II	352.08	(1,176.07)	823.99	-
Transfer from stage III	42.43	22.19	(64.62)	-
Gross carrying value of loans as at March 31, 2022	**57,890.26**	**1,310.91**	**3,584.26**	**62,785.43**

(₹ in millions unless otherwise stated)

Gross portfolio movement for the year ended March 31, 2021				
Particular	***Stage I**	**Stage II**	**Stage III**	**Total**
Gross carrying value of loans as at April 1, 2020	33,861.54	166.06	384.49	34,412.09
New loans originated during the year, net off for repayments and derecognised portfolio	12,104.12	77.24	192.93	12,374.29
Loans written off during the year	-	-	(326.06)	(326.06)
Movement between stages				
Transfer from stage I	(5,202.84)	3,000.49	2,202.35	-
Transfer from stage II	1.01	(106.21)	105.20	-
Transfer from stage III	0.01	-	(0.01)	-
Gross carrying value of loans as at March 31, 2021	**40,763.84**	**3,137.58**	**2,558.90**	**46,460.32**

*Includes over due from 1 to 30 days amounting to ₹1,121.26 million and ₹1719.89 million as on March 31, 2022 and March 31, 2021 respectively.

Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Loans			Total	Other financial assets (refer note 7-B)
	Stage I	Stage II	Stage III		
ECL allowance on April 01, 2020	**645.31**	**83.02**	**254.04**	**982.36**	**13.33**
New assets originated during the period, netted off for repayments and derecognised portfolio	230.67	38.62	127.48	396.77	11.09
Loans written off during the year	-	-	(326.06)	(326.06)	(15.06)
Movement between stages					
Transfer from stage I	(37.45)	16.52	20.93	-	-
Transfer from stage II	0.50	(53.10)	52.59	-	-
Transfer from stage III	0.01	-	(0.01)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(389.48)	783.17	1,406.26	1,799.95	-
ECL allowance on March 31, 2021	**449.56**	**868.23**	**1,535.23**	**2,853.02**	**-**
ECL allowance on April 01, 2021	**449.56**	**868.23**	**1,535.23**	**2,853.02**	**-**
New assets originated during the period, netted off for repayments and derecognised portfolio	213.65	(412.64)	826.96	627.97	2.01
Loans written off during the period	-	-	(2,934.39)	(2,934.39)	-
Movement between stages					
Transfer from stage I	(29.12)	9.03	20.09	-	-
Transfer from stage II	97.43	(325.44)	228.01	-	-
Transfer from stage III	25.46	13.31	(38.77)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(159.86)	299.90	2,916.86	3,056.90	-
ECL allowance on March 31, 2022	**597.12**	**452.39**	**2,553.99**	**3,603.50**	**11.37**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

7 Other financial assets (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
A. Security deposits		
Unsecured, considered good	26.92	23.53
(A)	**26.92**	**23.53**
B. Other assets		
Excess interest spread (EIS) receivable	435.08	128.15
Advances recoverable in cash or for value to be received	162.05	158.44
Initial public offer expenses recoverable (refer note A in note 13)	55.97	-
Less : Impairment loss allowance (refer note 6 for movement)	(11.37)	(9.36)
(B)	**641.73**	**277.23**
Total (A+B)	**668.65**	**300.76**

8 Current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net)	353.61	119.58
Total	**353.61**	**119.58**

9 Deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
A. Deferred tax assets:		
Impairment allowance for financial assets	900.39	688.12
Differences of written down value of Property, plant and equipment and intangible Assets	15.29	11.87
Provision for employee benefits	36.10	35.73
Provisions allowable on payment basis	-	31.48
Financial liabilities measured at amortised cost	6.42	6.08
Fair valuation of derivative financial instruments	19.41	-
EIR impact on loan portfolio	111.37	68.98
Other temporary difference	8.41	16.00
Total deferred tax assets	**1,097.39**	**858.26**
B. Deferred tax liabilities		
Excess interest spread (EIS) receivable	(101.54)	(29.15)
Stage 3 interest income	(128.29)	(63.83)
	(229.83)	**(92.98)**
Net deferred tax assets (A+B)	**867.56**	**765.28**

C Movement in Deferred tax assets (net)

Particulars	As at April 01, 2021	(Charge)/credit in Statement of profit and loss for the year ended March 31, 2022	Recognized in other comprehensive income for the year ended March 31, 2022	Recognized in other equity	As at March 31, 2022
Assets					
Impairment allowance for financial assets	688.12	212.27	-	-	900.39
Differences of written down value of Property, plant and equipment and intangible assets	11.87	3.42	-	-	15.29
Provision for employee benefits	35.73	1.11	(0.74)	-	36.10
Provisions allowable on payment basis	31.48	(31.48)	-	-	-
Financial liabilities measured at amortised cost	6.08	0.34	-	-	6.42
Derivative financial instrument	-	19.41	-	-	19.41
EIR impact on term loans	68.98	42.39	-	-	111.37
Other temporary difference	16.00	(7.59)	-	-	8.41
Liabilities					
EIS receivable	(29.15)	(72.39)	-	-	(101.54)
Stage 3 interest income	(63.83)	(64.46)	-	-	(128.29)
Total	**765.28**	**103.02**	**(0.74)**	**-**	**867.56**

Particulars	As at April 01, 2020	(Charge)/credit in Statement of profit and loss for the year ended March 31, 2021	Recognized in other comprehensive income for the year ended March 31, 2021	Recognized in other equity	As at March 31, 2021
Assets					
Impairment allowance for financial assets	237.62	450.51	-	-	688.12
Differences of written down value of Property, plant and equipment and intangible assets	7.86	4.01	-	-	11.87
Provision for employee benefits	28.32	7.42	(0.01)	-	35.73
Provisions allowable on payment basis	20.53	10.95	-	-	31.48
Financial liabilities measured at amortised cost	3.99	2.09	-	-	6.08
EIR impact on term loans	38.72	30.26	-	-	68.98
Other temporary difference	9.41	6.59	-	-	16.00
Liabilities					
EIS receivable	(30.19)	1.03	-	-	(29.15)
Stage 3 interest income	(11.24)	(52.59)	-	-	(63.83)
Total	**305.02**	**460.27**	**(0.01)**	**-**	**765.28**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

10 Property, plant and equipment

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Furniture and fixtures	26.83	9.44	-	36.27	12.00	4.73	-	16.73	19.54
Electrical fittings	9.11	1.04	-	10.15	4.74	1.20	-	5.94	4.21
Office equipment	18.14	11.58	-	29.72	7.36	7.18	-	14.54	15.18
Vehicles	3.35	-	-	3.35	0.40	0.92	-	1.32	2.03
Computers	48.35	40.71	0.06	89.00	33.05	21.42	0.04	54.43	34.57
Leasehold improvements	69.97	-	-	69.97	15.46	8.00	-	23.46	46.51
Total	**175.75**	**62.77**	**0.06**	**238.46**	**73.01**	**43.45**	**0.04**	**116.42**	**122.04**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	Disposals	As at March 31, 2021	As at March 31, 2021
Furniture and fixtures	21.21	5.68	0.06	26.83	7.28	4.78	0.06	12.00	14.83
Electrical fittings	12.00	0.18	3.07	9.11	5.12	2.69	3.07	4.74	4.37
Office equipment	9.12	9.39	0.37	18.14	3.18	4.55	0.37	7.36	10.78
Vehicles	0.75	2.96	0.36	3.35	0.62	0.16	0.37	0.40	2.95
Computers	33.64	14.71	-	48.35	20.87	12.18	-	33.05	15.29
Leasehold improvements	27.48	42.49	-	69.97	8.15	7.31	-	15.46	54.52
Total	**104.20**	**75.41**	**3.86**	**175.75**	**45.22**	**31.65**	**3.87**	**73.01**	**102.74**

11 Right of use asset

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Building (refer Note 52)	83.45	-	-	83.45	5.26	9.02	-	14.28	69.17
Total	**83.45**	**-**	**-**	**83.45**	**5.26**	**9.02**	**-**	**14.28**	**69.17**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	Disposals	As at March 31, 2021	As at March 31, 2021
Building (refer Note 52)	-	83.45	-	83.45	-	5.26	-	5.26	78.19
Total	**-**	**83.45**	**-**	**83.45**	**-**	**5.26**	**-**	**5.26**	**78.19**

12 Intangible assets

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Computer software	8.12	0.05	-	8.17	6.22	1.24	-	7.46	0.71
Total	**8.12**	**0.05**	**-**	**8.17**	**6.22**	**1.24**	**-**	**7.46**	**0.71**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	Disposals	As at March 31, 2021	As at March 31, 2021
Computer software	5.67	2.45	-	8.12	4.20	2.02	-	6.22	1.90
Total	**5.67**	**2.45**	**-**	**8.12**	**4.20**	**2.02**	**-**	**6.22**	**1.90**

13 Other non-financial assets (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Pre-paid expenses	22.18	16.88
Share issue expenses (refer note A below)	27.99	-
Others	11.57	6.21
Total	**61.74**	**23.09**

Note A: During the year ended March 31, 2022, the Company has incurred share issue expenses of ₹83.96 millions in connection with proposed public offer of equity shares for various services received for Initial Public Offering (IPO). As per the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale. The Company will partly recover the expenses incurred in connection with the issue on completion of IPO and therefore, the amount of ₹55.97 millions recoverable from the selling shareholders has been carried forward and disclosed under the head "IPO expenses recoverable" (to the extent of not written off or adjusted) under Note 7B.

The Company's share of expenses shall be adjusted against securities premium to the extent permissible under Section 52 of the Act on successful completion of IPO and therefore, the amount of ₹27.99 millions related to the Company's share has been carried forward and disclosed under this head (to the extent of not written off or adjusted) under Note 13.

14 Derivative financial instrument

Particulars	As at March 31, 2022	As at March 31, 2021
Derivatives not designated as hedges		
Currency and Interest rate swaps	77.11	-
Total	**77.11**	**-**

The Company enters into derivatives for risk management purposes. Derivatives (i.e., currency and interest rate swaps) held for risk management purposes include hedges that are economic hedges, but the company has elected not to apply hedge accounting requirements.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

The company has entered into currency and interest rate swaps to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing (ECB) denominated in EURO as follows:-:

Currency Swap: The Company has a currency swap agreement whereby it has hedged the risk of changes in foreign exchange rates relating to the cash outflow arising on settlement of its ECB.

Interest rate Swap: The company has an interest rate swap agreement whereby the company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate. The swap is being used to hedge the exposure to changes in the variable interest rate.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value - Assets	Fair Value -Liabilities	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
Currency and Interest rate derivatives:						
Currency and Interest rate swaps	890.42	-	77.11	-	-	-
Total	**890.42**	**-**	**77.11**	**-**	**-**	**-**

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.

15 Trade Payables (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues to micro enterprises and small enterprises *	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	176.59	113.06
Total	**176.59**	**113.06**

* The Company does not have any outstanding dues and any interest payable for micro enterprises and small enterprises- refer Note 39

Trade payables ageing schedule as on March 31 2022**

Particulars	Outstanding for following year from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	176.36	0.12	0.07	0.04	176.59
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	176.36	**0.12**	**0.07**	**0.04**	**176.59**

Trade payables ageing schedule as on March 31 2021**

Particulars	Outstanding for following year from due date of payment #				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	112.75	0.10	0.12	0.09	113.06
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	112.75	**0.10**	**0.12**	**0.09**	**113.06**

**There are no unbilled dues outstanding as on reporting date.

#In case where due date of payment is not specified, disclosure has been given based on the date of the transaction.

16 Debt Securities (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-convertible debentures (Secured by book debts)*	5,788.92	8,605.90
Non-convertible debentures (Unsecured)	2,048.84	1,298.60
Total	**7,837.76**	**9,904.50**

Particulars	As at March 31, 2022	As at March 31, 2021
Debt securities in India	7,837.76	9,904.50
Debt securities outside India	-	-
Total	**7,837.76**	**9,904.50**

*The secured borrowings are secured by hypothecation of book debts and margin money deposits and fixed deposits.

Information about the Company's exposure to credit and market risks are included in Note no. 46 and 48 respectively.

Terms of Debt securities

Particulars	Number of debentures		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Secured				
11.15% secured rated listed redeemable transferable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 71 months and 27 Calendar Days (Subject to exercise of put/ call option at the end of 35 months and 26 Calendar Days) from the date of allotment i.e. 10 March, 2021	700	700	699.71	699.67
11.00% secured rated listed redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. 18 March 2021	500	500	499.73	499.68

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Particulars	Number of debentures		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
10.70% secured rated unlisted redeemable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. 16 March 2018 [ROI revised from 12.94% effective from March 16, 2021]	315	315	315.00	315.00
10.70% Secured rated unlisted redeemable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. 16 March 2018 [ROI revised from 12.71% effective from March 16, 2021]	315	315	315.00	315.00
11.25% secured rated listed taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. December 23, 2020	500	500	499.73	499.60
11.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e.July 29, 2020	200	200	198.42	197.39
11.25% secured rated listed redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 30, 2020	200	200	199.40	198.99
11.90% secured, rated, listed, unsubordinated, transferable, redeemable, non covertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 10, 2020	100	100	99.71	99.49
11.25% secured rated, listed, redeemable non-convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 32 months from the date of allotment i.e. July 31, 2020	250	250	249.50	249.09
10.50% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 19, 2020	250	250	249.91	249.18

Particulars	Number of debentures		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
12.05% Secured rated listed redeemable non convertible debentures of face value of ₹10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put/call option at the end of 36 months) from the date of allotment i.e. June 02, 2016 [ROI revised from 14.15% effective from June 3, 2019]	526	526	525.76	524.70
10.40% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	500	500	124.92	498.02
10.25% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e.November 13, 2020	350	350	349.80	348.19
9.75% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. Novermber 13, 2020	250	250	249.87	248.82
10.50% secured rated listed senior taxable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	500	500	499.87	498.83
10.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. August 12, 2020	-	250	-	248.75
10.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. August 12, 2020	-	250	-	249.52
11.53% Secured rated unlisted redeemable non convertible debentures of face value of ₹1,00,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. October 22, 2018	-	35	-	348.94

(₹ in millions unless otherwise stated)

Particulars	Number of debentures		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
9.54% rated unlisted senior secured redeemable taxable, transferable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 48 months from the date of allotment i.e. March 30, 2021	600	600	562.76	598.24
11.81% Secured rated unlisted redeemable non convertible debentures of face value of ₹1,00,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. September 27, 2018	-	25	-	249.86
11.86% Secured rated listed redeemable non convertible debentures of face value 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.August 31, 2016 [ROI revised from 13.60% effective from August 31, 2019]	-	470	-	469.81
11.40% (rbi repo rate +credit spread) secured rated listed taxable transferable redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e.June 19, 2020	300	250	149.83	249.55
Unsecured				
11.53% secured rated unlisted redeemable non convertible debentures of Face Vale of ₹10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put option at the end of 12 months and Put/call Option at the end of 36 months) from the date of allotment i.e. 02 November, 2020	750	750	749.60	749.54
11.91% Unsecured Rated Listed Redeemable Non Convertible Debenture of Face Value of ₹10,00,000 each redeemable at par at the end of 72 Months (subject to exercise of Put/Call Option at the end of 36 months) from the Date of Allotment i.e. 15 September 2016 [ROI revised from 13.25% effective from September, 15 2019]	550	550	549.81	549.42
12.60% Unsecured rated listed redeemable non convertible debenture of face value of ₹10,00,000 each redeemable at par at the end of 71 months and 29 Calendar Days (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. Septembe 10, 2019	350	350	349.77	349.30

(₹ in millions unless otherwise stated)

Particulars	Number of debentures		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
NIFTY 50 Index linked rated listed redeemable non convertible of face value of ₹10,00,000 each redeemable at par at the end of 42 months from the date of allotment i.e. March 06, 2018	-	250	-	249.90
11.96% unsecured rated listed unsubordinated transferable redeemable non convertible debentrues of ₹10,00,000 each redeemable at par at the end of 12 months from the date of allotment i.e. August 05, 2020	-	150	-	149.98
10.50% Rated, Listed, Unsecured, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures of face value of ₹10,00,000/- each redeemable at par at the end of 24 Months (Subject to exercise of put option at the end of 12 months) from the date of allotment i.e. December 21, 2021	450	-	399.65	-
Total			**7,837.76**	**9,904.50**

17 Borrowings - other than debt securities (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Term loans		
(i) from banks	40,337.54	26,856.90
(ii) from other parties	5,769.54	2,619.30
(b) Short term loans from banks	1,343.92	3,499.64
(c) Short term loans from financial institutions	-	274.95
(d) External commercial borrowings	843.66	-
Total	**48,294.66**	**33,250.79**
Borrowings in India	47,451.00	33,250.79
Borrowings outside India	843.66	-
Total	**48,294.66**	**33,250.79**
Secured*	48,294.66	33,250.79
Unsecured	-	-
Total	**48,294.66**	**33,250.79**

*The secured borrowings are secured by hypothecation of book debts and margin money deposits and fixed deposits.

(₹ in millions unless otherwise stated)

18 Subordinated liabilities (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
from banks	300.00	300.00
from other than banks	1,325.67	867.21
Total	**1,625.67**	**1,167.21**
Subordinated liabilities in form of Non-convertible debentures*	1,325.67	797.21
Subordinated liabilities in form of term loan	300.00	370.00
Total	**1,625.67**	**1,167.21**
Subordinated liabilities in India	1,625.67	1,167.21
Subordinated liabilities outside India	-	-
Total	**1,625.67**	**1,167.21**

*includes ₹250 millions due to related party (refer note 42 for more details)

Particulars	Number of debentures		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
13.85% unsecured, subordinated, rated, taxable, transferable, redeemable and non-convertible debentures of face value of ₹1,000,000 each redeemable at par at the end of 73 months from the date of allotment i.e. March 15, 2017	500	500	499.66	499.37
13.90% Unsecured, Subordinated Rated, Redeemable, Listed Non-convertible Debentures of face value of ₹10,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e.March 31, 2018	300	300	298.61	297.84
12.11% Unsecured, Rated, Unlisted Subordinated 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 allotmnet i.e. March 31, 2022	30	-	282.92	-
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 allotmnet i.e. March 31, 2022	250	-	244.47	-
	1,080	**800**	**1,325.66**	**797.21**

Note :Company has not defaulted in repayment of borrowing / interest during the current period and previous period with respect to Debt Securities (Note 16) borrowings (other than debt securities) (Note 17) and subordinated liabilities (Note 18)

(₹ in millions unless otherwise stated)

16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2022

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	
Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	6.01% - 6.50%	3	57.48	-	-	-	-	-	-	-	-	-	-	57.48
	7.51% - 8.00%	12	180.00	9	135.00	-	-	-	-	-	-	-	-	315.00
	8.01% - 8.50%	12	880.90	9	411.69	-	-	-	-	-	-	-	-	1,292.59
	8.51% - 9.00%	12	6,271.41	12	5,280.32	11	1,441.49	-	-	-	-	-	-	12,993.22
	9.01% - 9.50%	12	5,203.40	12	3,008.69	1	49.96	-	-	-	-	-	-	8,262.05
	9.51% - 10.00%	12	2,837.20	12	536.69	11	118.39	-	-	-	-	-	-	3,492.29
	10.01% - 10.50%	12	3,070.33	12	972.84	3	54.55	-	-	-	-	-	-	4,097.72
	10.51% - 11.00%	12	2,026.90	3	82.95	-	-	-	-	-	-	-	-	2,109.85
	11.01% - 11.50%	12	655.42	1	11.67	-	-	-	-	-	-	-	-	667.08
	11.51% - 12.00%	7	116.67	-	-	-	-	-	-	-	-	-	-	116.67
	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Years	10.01% - 10.50%	12	510.22	12	411.23	8	222.22	-	-	-	-	-	-	1,143.67
	12.51% - 13.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly														
Upto 3 Years	08.01% - 08.50%	3	75.00	4	100.00	3	75.00	-	-	-	-	-	-	250.00
	8.51% - 9.00%	12	555.00	11	494.99	4	99.81	-	-	-	-	-	-	1,149.80
	9.01% - 9.50%	12	1,721.94	11	1,321.92	1	22.22	-	-	-	-	-	-	3,066.09
	9.51% - 10.00%	12	588.14	7	240.42	3	87.50	-	-	-	-	-	-	916.06
	10.01% - 10.50%	8	213.89	2	53.43	-	-	-	-	-	-	-	-	267.32
	10.51% - 11.00%	4	133.29	3	62.01	-	-	-	-	-	-	-	-	195.30
	11.01% - 11.50%	3	63.75	-	-	-	-	-	-	-	-	-	-	63.75
	11.51% - 12.00%	4	198.44	-	-	-	-	-	-	-	-	-	-	198.44
Above 3 Years	9.01% - 9.50%	4	21.66	1	5.40	-	-	-	-	-	-	-	-	27.06
	9.51% - 10.00%	4	940.00	4	877.50	4	440.00	4	415.00	3	240.00	-	-	2,912.50
Half Yearly														
Upto 3 Years	07.01% - 07.50%	2	1,500.00	-	-	-	-	-	-	-	-	-	-	1,500.00
	9.51% - 10.00%	2	268.75	-	-	-	-	-	-	-	-	-	-	268.75
	10.51% - 11.00%	1	325.00	-	-	-	-	-	-	-	-	-	-	325.00
Above 3 Years	10.51% - 11.00%	2	16.00	-	-	-	-	-	-	-	-	-	-	16.00
	11.01% - 11.50%	2	475.00	2	80.00	2	80.00	1	20.00	-	-	-	-	655.00
	11.51% - 12.00%	2	60.00	2	60.00	-	-	-	-	-	-	-	-	120.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

(₹ in millions unless otherwise stated)

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	
Bullet Repayment														
Upto 3 Years	8.51% - 9.00%	2	1,075.00	-	-	-	-	-	-	-	-	-	-	1,075.00
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bi-Monthly	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Years	10.01% - 10.50%	-	-	-	-	6	450.00	-	-	-	-	-	-	450.00
Quarterly														
Upto 3 Years	10.01% - 10.50%	4	525.00	-	-	-	-	-	-	-	-	-	-	525.00
Half Yearly														
Upto 3 Years	11.01% - 11.50%	2	100.00	1	50.00	-	-	-	-	-	-	-	-	150.00
Above 3 Years	10.01% - 10.50%	2	36.00	2	78.00	-	-	-	-	-	-	-	-	114.00
Bullet Repayment				-	-	-	-							
Upto 3 Years	9.51% - 10.00%	1	250.00	-	-	-	-							
	10.01% - 10.50%	1	1,100.00	-	-	-	-	-	-	-	-	-	-	250.00
	10.51% - 11.00%	-	-	-	-	-	-	-	-	-	-	-	-	1,100.00
	11.01% - 11.50%	-	-	3	650.00	-	-	-	-	-	-	-	-	650.00
	11.51% - 12.00%	-	-	3	1,800.00	-	-	-	-	-	-	-	-	1,800.00
	12.01% - 12.50%	-	-	1	750.00	-	-	-	-	-	-	-	-	750.00
	12.51% - 13.00%	1	350.00	-	-	-	-	-	-	-	-	-	-	350.00
Above 3 Years	11.01% - 11.50%	-	-	1	315.00	-	-	-	-	-	-	-	-	315.00
	11.51% - 12.00%	-	-	1	315.00	-	-	-	-	-	-	-	-	315.00
	12.51% - 13.00%	2	1,076.00	-	-	-	-	-	-	-	-	-	-	1,076.00
Vehicle														-
Upto 3 Years	7.51% - 8.00%	12	1.03	10	0.85	-	-	-	-	-	-	-	-	1.88
ECB														
Bullet Repayment	10.51% - 11.00%	-	-	-	-	1	846.60	-	-	-	-	-	-	846.60
Sub-Debt														
Bullet Repayment														
Above 3 Years	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1.00	300.00	300.00
	12.51% - 13.00%	-	-	-	-	-	-	-	-	-	-	1.00	250.00	250.00
	13.51% - 14.00%	1	500.00	1	300.00	-	-	-	-	-	-	-	-	800.00
	14.01% - 14.50%	-	-	1	300.00	-	-	-	-	-	-	-	-	300.00
EIR Impact														(139.06)
TOTAL		**223**	**33,978.80**	**153**	**18,705.61**	**58**	**3,987.75**	**5**	**435.00**	**3**	**240.00**		**550.00**	**57,758.09**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

(₹ in millions unless otherwise stated)

16A, 17A and 18A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2021

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	
Monthly														
Upto 3 Years	6.01% - 6.50%	12	380.88	3	57.48	-	-	-	-	-	-	-	-	438.36
	6.51% - 7.00%	1	125.00	-	-	-	-	-	-	-	-	-	-	125.00
	7.51% - 8.00%	12	1.00	12	1.00	12	1.00	-	-	-	-	-	-	3.00
	8.51% - 9.00%	12	219.44	10	145.83	-	-	-	-	-	-	-	-	365.28
	9.01% - 9.50%	12	846.43	12	470.24	-	-	-	-	-	-	-	-	1,316.67
	9.51% - 10.00%	12	3,045.43	12	2,542.45	3	93.75	-	-	-	-	-	-	5,681.63
	10.01% - 10.50%	12	1,675.36	12	1,117.14	1	13.79	-	-	-	-	-	-	2,806.29
	10.51% - 11.00%	12	3,192.12	12	1,747.11	-	-	-	-	-	-	-	-	4,939.24
	11.01% - 11.50%	12	2,110.09	12	671.78	1	11.67	-	-	-	-	-	-	2,793.53
	11.51% - 12.00%	12	410.21	7	116.67	-	-	-	-	-	-	-	-	526.88
	12.01% - 12.50%	7	57.15	-	-	-	-	-	-	-	-	-	-	57.15
Above 3 Years	10.51% - 11.00%	12	158.59	12	176.95	5	79.63	-	-	-	-	-	-	415.17
	12.51% - 13.00%	11	366.67	-	-	-	-	-	-	-	-	-	-	366.67
Quarterly														
Upto 3 Years	9.51% - 10.00%	8	500.00	8	425.00	-	-	-	-	-	-	-	-	925.00
	10.01% - 10.50%	8	932.64	8	276.39	2	53.47	-	-	-	-	-	-	1,262.50
	10.51% - 11.00%	10	1,024.70	8	239.68	3	62.43	-	-	-	-	-	-	1,326.82
	11.01% - 11.50%	6	492.50	3	63.75	-	-	-	-	-	-	-	-	556.25
	11.51% - 12.00%	5	733.12	3	214.77	-	-	-	-	-	-	-	-	947.89
Above 3 Years	9.51% - 10.00%	4	700.00	4	700.00	4	637.50	4	200.00	4	175.00	-	-	2,412.50
	10.01% - 10.50%	4	21.67	4	21.66	1	5.42	-	-	-	-	-	-	48.75
	12.01% - 12.50%	1	16.67	-	-	-	-	-	-	-	-	-	-	16.67
Half Yearly														
Upto 3 Years	6.51% - 7.00%	2	650.00	1	325.00	-	-	-	-	-	-	-	-	975.00
	9.51% - 10.00%	2	725.00	-	-	-	-	-	-	-	-	-	-	725.00
Above 3 Years	10.51% - 11.00%	2	16.00	2	16.00	-	-	-	-	-	-	-	-	32.00
	11.01% - 11.50%	2	640.00	2	475.00	2	80.00	2	80.00	1	20.00	-	-	1,295.00
	11.51% - 12.00%	2	255.00	2	60.00	2	60.00	-	-	-	-	-	-	375.00
Bullet Repayment														
Upto 3 Years	8.51% - 9.00%	3	1,875.00	-	-	-	-	-	-	-	-	-	-	1,875.00
	9.51% - 10.00%	1	500.00	-	-	-	-	-	-	-	-	-	-	500.00
	10.01% - 10.50%	1	200.00	-	-	-	-	-	-	-	-	-	-	200.00

(₹ in millions unless otherwise stated)

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	No. of Intallments	Amount	
Debt securities														
Bi-Monthly														
Above 3 Years	10.01% - 10.50%	-	-	-	-	-	-	6	450.00	-	-	-	-	450.00
Quarterly														
Upto 3 Years	10.01% - 10.50%	3	375.00	1	125.00	-	-	-	-	-	-	-	-	500.00
Half Yearly														
Upto 3 Years	11.01% - 11.50%	2	100.00	2	100.00	1	50.00	-	-	-	-	-	-	250.00
Above 3 Years	10.01% - 10.50%	2	36.00	2	36.00	2	78.00			-	-	-	-	150.00
Bullet Repayment														
	9.51% - 10.00%	-	-	1	250.00	-	-	-	-	-	-	-	-	250.00
	10.01% - 10.50%	1	500.00	1	1,100.00	-	-	-	-	-	-	-	-	1,600.00
Upto 3 Years	11.01% - 11.50%	-	-	-	-	3	650.00	-	-	-	-	-	-	650.00
	11.51% - 12.00%	1	150.00	-	-	2	600.00	-	-	-	-	-	-	750.00
	12.01% - 12.50%	2	600.00	-	-	-	-	-	-	-	-	-	-	600.00
	11.01% - 11.50%	-	-	-	-	1	315.00	-	-	-	-	-	-	315.00
	11.51% - 12.00%	-	-	-	-	1	315.00	-	-	1	500.00	1	700.00	1,515.00
Above 3 Years	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1	750.00	750.00
	12.51% - 13.00%	1	470.00	1	526.00	-	-	-	-	1	900.00	-	-	1,896.00
	13.51% - 14.00%	1	250.00	-	-	-	-	-	-	-	-	-	-	250.00
Sub-Debt														
Bullet Repayment														
	13.51% - 14.00%	-	-	1	500.00	1	300.00	-	-	-	-	-	-	800.00
Above 3 Years	14.01% - 14.50%	-	-	-	-	1	300.00	-	-	-	-	-	-	300.00
	15.01% - 15.50%	1	70.00	-	-	-	-	-	-	-	-	-	-	70.00
EIR Impact														(81.72)
Total		**214**	**24,421.66**	**158**	**12,500.90**	**48**	**3,706.67**	**12**	**730.00**	**7**	**1,595.00**	**2**	**1,450.00**	**44,322.50**

(₹ in millions unless otherwise stated)

19 Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable towards assigned portfolio	603.58	177.46
Interest accrued but not due on borrowings	256.85	373.39
Salaries and bonus payable	197.80	159.68
Lease Liabilities (refer note 52)	81.82	84.63
Other payable	194.27	470.82
Total	**1,334.32**	**1,265.98**

20 Current tax liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for tax (net)	1.04	53.98
Total	**1.04**	**53.98**

21 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (refer note 38)	3.53	5.17
Provision for compensated absence (refer note 38)	46.52	37.34
Provision for other contingencies*	20.26	37.48
Others	1.37	0.77
Total	**71.68**	**80.76**

*Provisions are for cash loss and related contingencies.

22 Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	104.48	77.18
Others	2.00	2.32
Total	**106.48**	**79.50**

23 Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital		
Equity shares		
March 31, 2022: 10,50,00,000 (March 31, 2021 : 90,000,000) equity shares of ₹10 each	1,050.00	900.00
Preference shares		
March 31, 2022: Nil (March 31, 2021 : 5,000,000) preference shares of ₹10 each	-	50.00
Total	**1,050.00**	**950.00**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

24 Equity Share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid-up		
Equity shares		
Fully paid up		
March 31, 2022: 8,43,26,388 (March 31, 2021 : 8,03,83,716) equity shares of ₹10 each fully paid up	843.26	803.84
Partly paid up		
March 31, 2022:Nil (March 31, 2021 : 39,42,672) equity shares of ₹10 each partly paid up @ ₹1	-	3.94
Less: treasury shares	(15.66)	(17.41)
Total	**827.60**	**790.37**

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, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year				
Fully paid up	8,03,83,716	803.84	8,03,83,716	803.84
Partly paid up	39,42,672	3.94	39,42,672	3.94
Conversion of partly paid up into fully paid up	39,42,672	39.42	-	-
Conversion of partly paid up into fully paid up	(39,42,672)	(3.94)	-	-
At the end of the year (A)	**8,43,26,388**	**843.26**	**8,43,26,388**	**807.78**
Treasury shares				
At the commencement of the year	(17,40,626)	(17.41)	(18,27,536)	(18.28)
Issued for cash on exercise of share options	1,74,641	1.75	86,910	0.87
At the end of the year (B)	**(15,65,985)**	**(15.66)**	**(17,40,626)**	**(17.41)**
At the end of the year (A+B)	**8,27,60,403**	**827.60**	**8,25,85,762**	**790.37**

b Rights, preferences and restrictions attached to equity shares :

The Company has single class of equity shares having a par value of ₹10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of Holding	Number of shares	% of Holding
Devesh Sachdev - Managing Director & Chief Executive Officer	55,53,414	6.59%	55,53,414	6.59%
Oikocredit, Ecumenical Development Co-operative Society U.A., Netherlands	66,06,375	7.83%	66,06,375	7.83%
Creation Investments Fusion II ,LLC, Chicago, U.S.A.	99,54,529	11.80%	99,54,529	11.80%
Creation Investments Fusion,LLC, Chicago, U.S.A.	1,53,21,043	18.17%	1,53,21,043	18.17%
Honey Rose Investment Ltd, Mauritius	4,10,22,730	48.65%	4,10,22,730	48.65%
	7,84,58,091	**93.04%**	**7,84,58,091**	**93.04%**

d Shares held by promoters at the end of the year

Name of the Promoter	As at March 31, 2022			As at March 31, 2021		
	Number of shares	% of Holding	% Change during the year	Number of shares	% of Holding	% Change during the year
Promoter						
Devesh Sachdev	55,53,414	6.59%	0.00%	55,53,414	6.59%	0.00%
Creation Investments Fusion II, LLC*	99,54,529	11.80%	0.00%	99,54,529	11.80%	0.00%
Creation Investments Fusion, LLC*	1,53,21,043	18.17%	0.00%	1,53,21,043	18.17%	0.00%
Honey Rose Investment Ltd*	4,10,22,730	48.65%	0.00%	4,10,22,730	48.65%	0.00%

*Promoter's since July 25, 2021

e Particulars of shares reserved for issue under employee stock options

Particulars	Number of shares	
	As at March 31, 2022	As at March 31, 2021
Under Employee Stock Option Plans	1,352,454*	1,352,454*

*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.

f No share was allotted without payment being received in cash during the year ended March 31, 2022 and year ended March 31, 2021.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

25 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory reserve		
Balance as at the beginning of the year	410.33	322.44
Add: Amount transferred from retained earnings	43.51	87.89
Balance as at the end of the year	**453.84**	**410.33**
Securities premium		
Balance as at the beginning of the year	10,091.67	10,087.57
Add: On issue of shares	606.02	-
Add: Exercise of share options	11.08	4.10
Balance as at the end of the year	**10,708.77**	**10,091.67**
Treasury Shares #		
Balance as at the beginning of the year	(138.14)	(141.37)
Add: Exercise of share options	11.44	3.23
Less: Lapse of share options	-	-
Balance as at the end of the year	**(126.70)**	**(138.14)**
Retained earnings		
Balance as at the beginning of the year	1,234.29	880.38
Add: Profit for the year	217.55	439.44
Add: Stock options lapsed	3.73	2.36
Less : Amount transferred to statutory reserve	(43.51)	(87.89)
Balance as at the end of the year	**1,412.06**	**1,234.29**
Employee stock option plan reserve		
Balance as at the beginning of the year	68.46	43.83
Add: Share based compensation	39.24	30.40
Add: Exercise of stock options	(8.82)	(5.77)
Less: Lapse of stock options	(3.73)	-
Balance as at the end of the year	**95.15**	**68.46**
Other comprehensive income		
Remeasurement of defined benefit plans		
Balance as at the beginning of the year	6.57	6.54
Other comprehensive income for the year	2.22	0.03
Balance as at the end of the year	**8.79**	**6.57**
Total other equity	**12,551.91**	**11,673.18**

Nature and purpose of other reserve :

These treasury shares excludes amount adjusted from equity share capital.

Statutory reserve

The said reserve has been created under section 45-IC of Reserve Bank of India Act, 1934. As per the said section, every Non-banking financial company shall create a reserve fund and transfer a sum of not less than 20% of net profit every period 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.Any difference between the carrying amount and the consideration received on exercise of share options, is transferred to capital reserve.

Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to statutory reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

Employee stock option plan reserve

The said amount is used to recognise the grant date fair value of options issued to employees by the Company.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses on defined benefit oligations

(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)

26 Interest Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial asset measured at amortized cost		
Interest income on loan portfolio	10,566.31	8,059.97
Interest on deposits with banks	76.88	215.67
Total	**10,643.19**	**8,275.64**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

27 Fees and commission income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Facilitation fees	13.86	5.08
Income from business correspondence services	-	2.11
Total	**13.86**	**7.19**

28 Net gain on fair value changes

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
- On trading portfolio		
Net gain on sale of mutual fund investment	247.65	167.45
- Others	-	-
Total	**247.65**	**167.45**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value changes :		
- Realised	247.65	167.45
- Unrealised	-	-
Total	**247.65**	**167.45**

29 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gain on derecognition of financial instruments (refer note 45)	607.95	107.84
Total	**607.95**	**107.84**

30 Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Market support income	426.87	145.39
Recovery of loans written off	69.74	18.04
Miscellaneous income	4.23	9.33
Total	**500.84**	**172.76**

31 Finance cost

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial liabilities measured at amortized cost		
Interest on debt securities	1,049.55	762.80
Interest on borrowings (other than debt securities)	3,712.85	2,817.54
Interest on subordinated liabilities	155.06	165.40
Interest on lease liability	8.88	5.30
Other interest expense		
Net loss on fair value of derivative contracts measured at fair value through profit or loss	77.11	-
Net gain or loss on foreign currency transaction and translation on external commercial borrowing	(43.81)	-
Total	**4,959.64**	**3,751.04**

32 Impairment on financial instruments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial assets measured at amortised cost		
Impairment on loan portfolio	3,684.92	2,196.71
Other financial assets	2.01	11.09
Total	**3,686.93**	**2,207.80**

33 Employee benefit expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	2,063.86	1,497.18
Contribution to provident and other funds*	169.61	122.37
Share based compensation expense	39.24	30.40
Staff welfare expenses	57.95	36.45
Total	**2,330.66**	**1,686.40**

*Contribution to provident fund is net of ₹1.71 million (March 31, 2021 : ₹7.25 million) received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana".

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

34 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent (refer note 52)	147.33	110.79
Travelling and conveyance	118.33	74.80
Legal and professional fees*	46.82	20.94
Rates and taxes	52.97	40.65
Office maintenance	184.20	128.09
Water and electricity	29.82	19.63
Staff recruitment and training	7.35	2.49
Insurance	23.92	12.26
Corporate social responsibility #	15.60	12.73
Business promotion	0.87	0.62
Lodging and boarding	23.99	10.18
Cash management services	48.85	13.60
Credit bureau expenses	11.85	7.18
Membership fees	6.34	4.70
Miscellaneous expenses	20.05	20.13
	738.29	**478.79**
Includes payment to auditors*		
Audit fees	7.20	2.70
Certification and other services	0.50	0.30
Out of pocket expenses	0.06	0.05
	7.76	**3.05**
#Details of corporate social responsibility expenditure		
a) Gross amount required to be spent by the Company for respective financial year	15.60	8.22
b) Amount approved by the board to be spent during the year	15.60	12.73
c) Amount spent during the year :		
i) construction/acquisition of any asset	-	-
ii) on purposes other than (i) above	15.60	12.73
iii) (Shortfall) / Excess at the end of the year	-	-
iv) Total of previous years shortfall	-	-
(v) Details of related party transactions	-	-
(vi) Nature of CSR activities:		
a) abolishing poverty, malnourishment and hunger, improving health care which includes preventive health care and sanitation and making available safe drinking water.	4.84	2.46
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.	3.32	1.23
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.	1.17	0.10
d) Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	1.00	0.80
e) Disaster management, including relief, rehabilitation and reconstruction activities.	5.27	8.14
Total	**15.60**	**12.73**

35 Income tax

a. Income tax expense in the statement of profit and loss consist of:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current income tax:		
Income tax	129.77	588.71
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	(103.06)	(460.24)
Income tax expense reported in the statement of profit or loss	**26.71**	**128.47**
Income tax recognised in other comprehensive income		
Deferred tax arising on remeasurement gains on defined benefit plan	0.74	0.01
Total income tax expense	**27.45**	**128.48**

Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurement of the net defined benefit (liability)/asset	2.96	(0.74)	2.22	0.04	(0.01)	0.03
Total	**2.96**	**(0.74)**	**2.22**	**0.04**	**(0.01)**	**0.03**

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 31,2022 and March 31, 2021 is as follows:

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit before tax	25.17%	244.26	25.17%	567.91
Computed tax expense		61.48		142.93
Effect of:				
Non-deductible expenses	5.65%	13.80	1.91%	10.86
Deduction under chapter VI-A	-19.99%	(48.82)	-0.04%	(25.06)
Others	0.10%	0.25	-0.05%	(0.26)
Effective tax rate/income tax expense reported in statement of profit and loss	**10.93%**	**26.71**	**22.62%**	**128.47**

36 Earning per share *

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Basic earning per share		
Profit for the year before Other comprehensive income as per Statement of profit and loss	217.55	439.44
Profit after tax for calculation of basic EPS and diluted EPS	217.55	439.44
Weighted average number of equity shares outstanding during the year	81.50	78.97
b) Diluted earning per share		
Profit for the year before Other comprehensive income as per Statement of profit and loss	217.55	439.44
Weighted average number of equity shares outstanding during the year - basic	81.50	78.97
Add: Weighted average number of potential equity shares on account of employee stock options	0.92	1.01
Weighted average number of equity shares outstanding during the year - diluted	82.42	79.98
Earning per share		
Basic - par value of ₹10 each	**2.67**	**5.56**
Diluted - par value of ₹10 each	**2.64**	**5.49**

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For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

37 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". 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 other than those already provided in the Ind AS statements. Presently, the Company's operations are predominantly confined in India. There are no individual customer contributing more than 10% of Company's total revenue. All non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets of the Company are located in India.

38 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, 2022	For the year ended March 31, 2021
Contribution to provident funds*	117.67	82.11
Contribution to employee state insurance	26.96	21.29
National pension scheme	1.31	0.75
Labour welfare fund	0.56	0.36
Total	**146.50**	**104.51**

*Contribution to provident fund are net of ₹1.71 million received under the scheme "Pradhan Mantri Rojgar Yojana" for the year ended March 31, 2022 (Previous year ₹7.25 million).

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service as per "The Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past year service cost, were measured using the projected unit credit method.

The following tables summarized the components of net benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of obligation	94.83	70.57
Fair value of plan assets	91.10	65.19
Net defined benefit liability/(asset) *	**3.73**	**5.38**

*The amount disclosed in note 21 for year ended March 31, 2022 and March 31, 2021 include ₹0.2 million, advanced to gratuity trust for bank account opening.

Amount recognized in the statement of profit and loss is as under:

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	25.77	18.45
Net interest cost/(income) on the net defined benefit liability/(asset)	0.30	(0.55)
Expenses recognized in the statement of profit and loss	**26.07**	**17.90**

Amount recognized in the other comprehensive income:

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial gain/(loss) recognized during the year	2.96	0.04
	2.96	**0.04**

(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 is as on March 31 2022 is ₹35.74 million and ₹18.20 million for March 2021.

(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, 2022			As at March 31, 2021		
	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	70.57	65.19	5.38	43.98	53.80	(9.82)
Included in profit or loss						
Current service cost	25.77	-	25.77	18.45	-	18.45
Interest cost (income)	3.98	3.68	0.30	2.44	2.98	(0.54)
Total	**29.75**	**3.68**	**26.07**	**20.89**	**2.98**	**17.91**
Included in Other comprehensive income						
Remeasurements loss (gain)	-	-	-	-	-	-
– Actuarial loss (gain) arising from:	-	-	-	-	-	-
- demographic assumptions	-	-	-	(2.93)	-	(2.93)
- financial assumptions	(2.35)	-	(2.35)	7.71	-	7.71
- experience adjustment	0.37	-	0.37	1.96	-	1.96
-Return on plan assets excluding interest income	-	0.98	(0.98)	-	6.78	(6.78)
Total	**(1.98)**	**0.98**	**(2.96)**	**6.74**	**6.78**	**(0.04)**
Other						
Contribution paid by the employer	-	21.35	(21.35)	-	1.63	(1.63)
Benefits paid	(3.51)	(0.10)	(3.41)	(1.04)	-	(1.04)
Total	**(3.51)**	**21.25**	**(24.76)**	**(1.04)**	**1.63**	**(2.67)**
Balance at the end of the year	**94.83**	**91.10**	**3.73**	**70.57**	**65.19**	**5.38**

(c) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at March 31, 2022	As at March 31, 2021
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, 2022	As at March 31, 2021
Discount rate	6.10%	5.65%
Future long term salary growth	10.00%	10.00%
Withdrawal rate:	22.00%	22.00%
Retirement age (in years)	60.00	60.00
Expected rate of return on plan assets	6.10%	5.65%
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, 2022 Impact on defined benefit obligation		As at March 31, 2021 Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	89.95	100.21	66.77	74.76
Salary growth rate (1.00% movement)	99.96	90.07	74.55	66.88
Attrition rate (1.00% movement)	93.33	96.43	69.25	71.97
Mortality rate (10.00% movement)	94.82	94.84	70.56	70.58

(f) Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2022	As at March 31, 2021
1 year	13.15	8.51
Between 2-5 years	54.10	39.55
Between 6-10 years	39.96	29.81
Over 10 years	31.66	23.89
Total	**138.87**	**101.76**

As at March 31, 2022, the weighted-average duration of the defined benefit obligation was 5 years (March 31, 2021 -5 years).

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows -

Salary increases: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Investment risk: The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

Discount rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability: Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

iii Compensated absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future periods. Amount recognised in the Statement of profit and loss for compensated absences is as under-

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Amount recognised in Statement of profit and loss	21.38	20.31

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the end	46.52	37.34

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 period the Code becomes effective.

39 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 in respect of the amount payable to such enterprises as at March 31, 2022 has been made in the financial statements (refer note 15) based on information received and available with the Company.

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40 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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	10,113.72	-	10,113.72	12,154.20	-	12,154.20
Bank balance other than cash and cash equivalents	920.87	501.39	1,422.26	601.61	596.75	1,198.36
Trade receivables	43.42	-	43.42	27.93	-	27.93
Loans	36,339.32	22,842.62	59,181.94	27,218.83	16,388.47	43,607.30
Other financial assets	653.31	15.34	668.65	273.95	26.81	300.76
Non-financial assets						
Current tax assets (net)	-	353.61	353.61	-	119.58	119.58
Deferred tax assets (net)	-	867.56	867.56	-	765.28	765.28
Property, plant and equipment	-	122.04	122.04	-	102.74	102.74
Right of use asset	-	69.17	69.17	-	78.19	78.19
Intangible assets	-	0.71	0.71	-	1.90	1.90
Other non financial assets	61.20	0.54	61.74	22.77	0.32	23.09
Total Assets	**48,131.84**	**24,772.98**	**72,904.82**	**40,299.29**	**18,080.04**	**58,379.33**
Liabilities						
Financial liabilities						
Derivative financial instruments at fair value through profit or loss	29.70	47.41	77.11	-	-	-
Trade payables	176.59	-	176.59	113.06	-	113.06
Debt securities	3,234.82	4,602.94	7,837.76	2,467.29	7,437.20	9,904.49
Borrowings (other than debt securities)	29,867.97	18,426.69	48,294.66	21,725.21	11,525.58	33,250.79
Subordinated liabilities	499.66	1,126.01	1,625.67	70.00	1,097.21	1,167.21
Other financial liabilities	1,259.37	74.96	1,334.32	1,184.75	81.23	1,265.98
Non-financial liabilities						
Current tax liabilities (net)	1.04	-	1.04	53.98	-	53.98
Provisions	31.76	39.92	71.68	75.39	5.37	80.76
Other non-financial liabilities	106.48	-	106.48	79.50	-	79.50
Total Liabilities	**35,207.39**	**24,317.92**	**59,525.31**	**25,769.18**	**20,146.59**	**45,915.77**
Net Assets	**12,924.45**	**455.05**	**13,379.51**	**14,530.11**	**(2,066.55)**	**12,463.56**

41 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
April 1, 2020	**3,998.98**	**24,571.58**	**1,166.29**	**29,736.85**
Cash flows:				
Repayment	(660.53)	(20,036.34)	-	(20,696.87)
Proceeds	6,577.19	28,711.21	-	35,288.40
Non Cash:				
Amortisation of upfront fees	(11.14)	4.34	0.92	(5.88)
March 31, 2021	**9,904.50**	**33,250.79**	**1,167.21**	**44,322.50**
Cash flows:				
April 1, 2021	**9,904.50**	**33,250.79**	**1,167.21**	**44,322.50**
Repayment	(2,531.01)	(25,905.28)	(70.00)	(28,506.29)
Proceeds	450.00	41,043.00	550.00	42,043.00
Non Cash:				
Amortisation of upfront fees	14.27	(50.04)	(21.54)	(57.31)
Exchange differences (net)	-	(43.81)	-	(43.81)
March 31, 2022	**7,837.76**	**48,294.66**	**1,625.67**	**57,758.09**

42 Share based compensation

A. Description of share-based payment arrangements

i. Share option programme (equity settled)

The Company has granted stock options to certain employees of the Company under the 'Employee Stock Option Scheme 2014' (Scheme 2014) and 'Employee Stock Option Scheme 2016' (Scheme 2016). The key terms and conditions related to the grant of the stock options are as follows:

a) The Scheme 2014 and 2016 are effective from July 31, 2014 and January 16, 2017 respectively and are administered 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 24, 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.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

d) As on March 31, 2022, the ESOP trust have 15,65,985 equity shares, (March 31, 2021 - 17,40,626). 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. Accordingly, as at March 31, 2022, the Company has reduced the shares allotted to ESOP Trust amounting ₹ 15.66 million (March 31, 2021 - ₹ 17.41 million) from the share capital and ₹ 126.70 million (March 31, 2021 - ₹ 138.15 million) 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 periods 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, 2022		March 31, 2021	
	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	20,70,558	156.57	16,20,998	100.84
Add: Granted during the year	5,18,500	327.50	5,84,500	290.48
Less: Lapsed/forfeited during the year	65,310	165.12	48,030	88.20
Less: Exercised during the year	1,74,641	89.28	86,910	55.50
Outstanding options at the end of the year	**23,49,107**	**199.07**	**20,70,558**	**156.57**

Options exercisable at the end of the year	9,96,477	7,42,836

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2022 was ₹ 129.07 (March 31, 2021 - ₹ 123.49).

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, 2022	Number of options outstanding As at March 31, 2021
March 31, 2016	**2,17,000**				
Tranche 1	54,250	March 31, 2025	27.08	10,250	10,250
Tranche 2	54,250	March 31, 2026	27.08	10,250	10,250
Tranche 3	54,250	March 31, 2027	27.08	10,250	19,750
Tranche 4	54,250	March 30, 2028	27.08	20,000	29,500
March 31, 2017	**3,41,900**				
Tranche 1	85,475	March 31, 2026	37.99	45,133	49,248
Tranche 2	85,475	March 31, 2027	37.99	58,560	62,675
Tranche 3	85,475	March 30, 2028	37.99	67,693	76,601
Tranche 4	85,475	March 30, 2029	37.99	73,700	85,475
March 31, 2018	**3,30,540**				
Tranche 1	82,635	March 31, 2027	64.08	42,658	52,318
Tranche 2	82,635	March 30, 2028	64.08	44,002	53,662
Tranche 3	82,635	March 30, 2029	64.08	46,323	57,818
Tranche 4	82,635	March 30, 2030	64.08	50,198	59,045
March 31, 2019	**4,34,720**				
Tranche 1	1,08,680	March 31, 2028	110.00	56,093	79,829
Tranche 2	1,08,680	March 31, 2029	110.00	56,092	84,530
Tranche 3	1,08,680	March 31, 2030	110.00	72,055	94,665
Tranche 4	1,08,680	March 31, 2031	110.00	85,063	94,665
September 30, 2019	**5,46,180**				
Tranche 1	1,36,545	September 30, 2028	154.04	1,07,781	1,28,558
Tranche 2	1,36,545	September 30, 2029	154.04	1,12,010	1,31,160
Tranche 3	1,36,545	September 30, 2030	154.04	1,29,910	1,31,160
Tranche 4	1,36,545	September 30, 2031	154.04	1,29,910	1,31,160
November 8, 2019	**31,790**				
Tranche 1	7,948	November 8, 2028	154.04	3,611	6,898
Tranche 2	7,948	November 8, 2029	154.04	5,848	7,948
Tranche 3	7,948	November 8, 2030	154.04	6,898	7,948
Tranche 4	7,948	November 8, 2031	154.04	6,898	7,948

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Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2022	As at March 31, 2021
February 18, 2020	**13,000**				
Tranche 1	3,250	February 18, 2029	290.48	2,200	3,250
Tranche 2	3,250	February 18, 2030	290.48	2,200	3,250
Tranche 3	3,250	February 18, 2031	290.48	2,200	3,250
Tranche 4	3,250	February 19, 2032	290.48	2,200	3,250
August 19, 2020	**1,62,000**				
Tranche 1	40,500	August 19, 2029	290.48	39,125	40,500
Tranche 2	40,500	August 19, 2030	290.48	39,500	40,500
Tranche 3	40,500	August 19, 2031	290.48	39,500	40,500
Tranche 4	40,500	August 19, 2032	290.48	39,500	40,500
November 9, 2020	**67,500**				
Tranche 1	16,875	November 9, 2029	290.48	16,875	16,875
Tranche 2	16,875	November 9, 2030	290.48	16,875	16,875
Tranche 3	16,875	November 9, 2031	290.48	16,875	16,875
Tranche 4	16,875	November 9, 2032	290.48	16,875	16,875
February 5, 2021	**3,55,000**				
Tranche 1	88,750	February 5, 2030	290.48	86,375	88,750
Tranche 2	88,750	February 5, 2031	290.48	86,375	88,750
Tranche 3	88,750	February 5, 2032	290.48	86,375	88,750
Tranche 4	88,750	February 5, 2033	290.48	86,375	88,750
February 14, 2022	**5,18,500**				
Tranche 1	1,29,625	February 14, 2031	327.50	1,29,625	-
Tranche 2	1,29,625	February 14, 2032	327.50	1,29,625	-
Tranche 3	1,29,625	February 14, 2033	327.50	1,29,625	-
Tranche 4	1,29,625	February 14, 2034	327.50	1,29,625	-

Outstanding options at the end of the year	**23,49,107**	**20,70,558**
Weighted average remaining contractual life of options outstanding at the end of the year	**8.39 years**	**7.63 years**

B. 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 2021-22 was ranged between 116.48-136.22.

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, 2016						
Tranche 1	March 31, 2025	45.00%	27.08	51.90	7.18%	30.69
Tranche 2	March 31, 2026	45.00%	27.08	51.90	7.32%	32.84
Tranche 3	March 31, 2027	45.00%	27.08	51.90	7.43%	34.74
Tranche 4	March 30, 2028	45.00%	27.08	51.90	7.51%	36.42
March 31, 2017						
Tranche 1	March 31, 2026	45.00%	37.99	80.40	6.45%	51.16
Tranche 2	March 31, 2027	45.00%	37.99	80.40	6.62%	53.92
Tranche 3	March 30, 2028	45.00%	37.99	80.40	6.77%	56.41
Tranche 4	March 30, 2029	45.00%	37.99	80.40	6.88%	58.65
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
March 31, 2019						
Tranche 1	March 31, 2028	46.30%	110.00	111.10	7.01%	56.07
Tranche 2	March 31, 2029	46.30%	110.00	111.10	7.12%	61.43
Tranche 3	March 31, 2030	46.30%	110.00	111.10	7.22%	66.18
Tranche 4	March 31, 2031	46.30%	110.00	111.10	7.30%	70.42
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

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
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
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

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.

43 Related party disclosure

i. Names of the related party and nature of relationship:-

Description of relationship	Designation	As at March 31, 2022	As at March 31, 2021
Key Management Personnel	Managing Director and Chief Executive Officer	Devesh Sachdev	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari	Gaurav Maheshwari
	Company Secretary and Compliance Officer	Deepak Madaan	Deepak Madaan
	Independent Director*	Ms. Namrata Kaul	Ms. Namrata Kaul
		Mr. Pankaj Vaish	-
		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	Creation Investments Fusion, LLC, Chicago, U.S.A.	Creation Investments Fusion, LLC, Chicago, U.S.A.
		Creation Investments Fusion II, LLC, Chicago, U.S.A.	Creation Investments Fusion II, LLC, Chicago, U.S.A.
		Honey Rose Investment Ltd	Honey Rose Investment Ltd
Entities with common directors		Vivriti Capital Private Limited	
Post Employment benefits plan	Gratuity Trust	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund

*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

Shobinder Duggal was appointed on May 26, 2021 and resigned on September 22, 2021

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the year ended March 31, 2022	For the year ended March 31, 2021
Mr. Devesh Sachdev	Managerial remuneration	37.50	25.91
	Amount received against partly paid up shares	641.51	-
Mr. Gaurav Maheshwari	Remuneration	8.39	6.51
Mr. Deepak Madaan	Remuneration	4.50	3.42
Mr. Pradip Kumar Saha	Sitting fees	-	0.48
Ms. Ratna Vishwanathan	Sitting fees	1.26	0.60
Mr. Shobinder Duggal	Sitting fees	0.43	-
Ms. Namrata Kaul	Sitting fees	1.45	0.47
Mr. Pankaj Vaish	Sitting fees	0.75	-
	Reimbursement of travelling expenses	0.03	0.10
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment	21.35	1.81
Vivriti Capital Private Limited	Proceeds from Subordinated debt	250.00	-
Vivriti Capital Private Limited	Loan processing fees	3.75	-

The amount receivable/(payable) from/ (to) related parties:

Name of the related party	Nature of transaction		
Vivriti Capital Private Limited	Subordinated debt	250.00	-

Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

As the provision for gratuity, leave compensation and share based compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits .

44 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, 2022	
	Carrying value	Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	10,113.72	10,113.72
Bank balance other than cash and cash equivalents	1,422.26	1,422.26
Trade receivables	43.42	43.42
Loans	59,181.94	60,225.94
Other financial assets	668.65	668.65
	71,429.99	**72,473.99**
Financial liabilities:		
Trade payables	176.59	176.59
Debt securities	7,837.76	8,076.25
Borrowings (other than debt securities)	48,294.66	48,416.68
Subordinated liabilities	1,625.67	1,785.96
Other financial liabilities	1,334.32	1,334.32
	59,269.00	**59,789.80**
At fair value through profit or loss		
Derivative financial instrument	77.11	77.11
	77.11	**77.11**
	59,346.11	**59,866.91**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Particulars	As at March 31, 2021	
	Carrying value	Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	12,154.20	12,154.20
Bank balance other than cash and cash equivalents	1,198.36	1,198.36
Trade receivables	27.93	27.93
Loans	43,607.30	45,195.17
Other financial assets	300.76	300.76
	57,288.55	**58,876.42**
Financial liabilities:		
Trade payables	113.06	113.06
Debt securities	9,904.50	10,328.61
Borrowings (other than debt securities)	33,250.79	33,401.40
Subordinated liabilities	1,167.21	1,270.76
Other financial liabilities	1,265.98	1,265.98
	45,701.54	**46,379.81**

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, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities:					
Derivative financial instrument	77.11	-	77.11	-	77.11
	77.11	-	77.11	-	77.11

B.2 Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	59,181.94	-	60,225.94	-	60,225.94
	59,181.94	**-**	**60,225.94**	**-**	**60,225.94**
Financial liabilities:					
Debt securities	7,837.76	-	8,076.25	-	8,076.25
Borrowings (other than debt securities)	48,294.66	-	48,416.68	-	48,416.68
Subordinated liabilities	1,625.67	-	1,785.96	-	1,785.96
	57,758.09	**-**	**58,278.89**	**-**	**58,278.89**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2021	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	43,607.30	-	45,195.17	-	45,195.17
	43,607.30	**-**	**45,195.17**	**-**	**45,195.17**
Financial liabilities:					
Debt securities	9,904.50	-	10,328.61	-	10,328.61
Borrowings (other than debt securities)	33,250.79	-	33,401.40	-	33,401.40
Subordinated liabilities	1,167.21	-	1,270.76	-	1,270.76
	44,322.50	**-**	**45,000.77**	**-**	**45,000.77**

The management assessed that carrying value of financial assets (except loan and investments) and financial liabilities (except debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

C. Valuation framework

The Managing Director and Chief Executive Officer 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". 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 other than those already provided in the Ind AS statements. Presently, the Company's operations are predominantly confined in India. There are no individual customer contributing more than 10% of Company's total revenue. All non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets of the Company are located in India."

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.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

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. Currencty 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, 2022, the mark-to-market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk.

There have been no transfer between Level 1, 2 and 3 during the period ended March 31, 2022 and March 31, 2021.

45 Transfers of financial assets

Assignment transactions:

Company generally enters into assignment deals, as a source of finance. As per the terms of deal, since the 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.

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, per type of asset during the year

	Carrying amount of derecognized financial assets	Gain from derecognition
Assignment		
For the year ended March 31, 2022	6,934.54	607.95
For the year ended March 31, 2021	1,180.20	107.84

Since the Company transferred the above financial asset 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.

46 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 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.

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 regulatory changes, market interest rate or inflation) is incorporated as part of the internal assessment . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

(b) Exposure at default (EAD)

EAD is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

(c) Loss given default (LGD)

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan is considered credit impaired. Recovery rate is the total of discounted value of all the recoveries on the credit impaired loan account divided by the outstanding of the loan account after its first default. LGD = 1 - (Recovery rate).

(d) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

e) Expected credit loss on Loans

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the internal assessment of the historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

i) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

ii) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

iii) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal assessment and forward-looking information to assess deterioration in credit quality of a financial asset.

Expected credit loss on other financial assets

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

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.

47 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.

(₹ in millions unless otherwise stated)

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, 2022	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)	3291.78	2,551.42	3,152.18	10,223.29	13,953.08	18,901.56	736.27	-	52,809.58
Debt securities	22.00	2,124.91	146.05	1,176.72	627.89	4,874.21	-	-	8,971.78
Subordinated liabilities	12.82	12.79	30.18	56.52	610.93	790.67	137.66	576.27	2,227.84
Derivative financial instrument	27.11	0.25	0.24	0.72	1.39	47.41	-	-	77.12
Other financial liabilities	1,058.09	148.24	16.48	29.68	-	-	-	-	1,252.49
Trade payables	124.06	52.53	-	-	-	-	-	-	176.59
Total undiscounted financial liabilities	**4,535.86**	**4,890.14**	**3,345.13**	**11,486.93**	**15,193.29**	**24,613.85**	**873.93**	**576.27**	**65,515.40**

As at March 31, 2021	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)	2,459.34	1,546.51	2,213.75	6,973.36	10,970.44	11,719.77	525.09	-	36,408.25
Debt securities	23.54	166.21	97.65	1,579.06	1,640.46	5,359.69	2,476.87	1,614.31	12,957.78
Subordinated liabilities	77.17	7.17	24.41	38.94	76.81	1,310.97	-	-	1,535.48
Other financial liabilities	882.14	105.84	16.78	178.40	1.59	11.54	17.91	51.78	1,265.98
Trade payables	66.30	46.75	-	-	-	-	-	-	113.05
Total undiscounted financial liabilities	**3,508.49**	**1,872.48**	**2,352.59**	**8,769.76**	**12,689.30**	**18,401.98**	**3,019.87**	**1,666.09**	**52,280.54**

(₹ in millions unless otherwise stated)

48 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, credit, liquidity etc. The Company is exposed to three type's of market risks as follows:

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods.

We assess and manage our interest rate risk by managing our assets and liabilities. Our Assets Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loan given.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For this, during period ended March 31, 2022, the company has external commercial borrowings on which the company has entered an interest rate swap agreement whereby the company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2022	March 31, 2021
0.50 % Increase	105.54	68.87
0.50 % Decrease	(105.54)	(68.87)

(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, 2022 and March 31, 2021, the company does not have any exposure to mutual funds.

(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 holding net borrowings in foreign currencies and by using foreign currency swaps and forwards. At March 31, 2022, the Company hedged 100% (March 31, 2021: Nil), 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.

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Details of borrowings denominated in foreign currency and derivatives (i.e., currency and interest rate swaps) held for risk management purposes as economic hedges:

The Company doesn't have any exposure in foreign currency other than External Commercial Borrowings.

Particulars	As at March 31, 2022 Euro	As at March 31, 2021 Euro
Borrowings		
External commercial borrowings	10.00	-
Less: Currency and Interest rate swaps	10.00	-
Unhedged External commercial borrowings	-	-

49 Capital Management Risk

The Company's objective for capital management is to maximize shareholder's value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flow generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. (refer note 54) The Capital management process of the Company ensures to maintain to healthy CRAR at all the time.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on the Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure manner of raising the funds etc.

For the purpose of the Company's capital management, capital includes equity share capital and other equity. Debt includes terms loans from banks, NBFC and debentures 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, 2022	As at March 31, 2021
Net Debt*	46,478.96	31,343.33
Total equity	13,379.51	12,463.55
Net debt to equity ratio	3.47	2.51

* 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.

50 Contingent Liabilities, commitments and contingent assets

A. Contingent liabilities

There are no Contingent liabilities as at March 31, 2022 and March 31, 2021.

B. Commitments

There are no commitments as at March 31, 2022 and March 31, 2021.

C. Contingent assets

There are no contingent assets as at March 31, 2022 and March 31, 2021.

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, 2022, the Company does not have any material litigation pending with Income tax authorities, Goods and service authorities and other statutory authorities in the ordinary course of business requiring any provision to be provided in books of accounts.

51 Revenue from contracts with customers

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Type of services		
Facilitation fees (refer note 27)	13.86	5.08
Income from business correspondence services (refer note 27)	-	2.11
Income from market support services (refer note 30)	426.87	145.39
Total	**440.73**	**152.58**
(b) Geographical markets		
India	440.73	152.58
Outside India	-	-
Total	**440.73**	**152.58**
(c) Timing of revenue recognition		
Service transferred at a point in time	440.73	152.58
Services transferred over time	-	-
Total	440.73	152.58

	As at March 31, 2022	As at March 31, 2021	As at April 1, 2020
(d) Trade receivables			
Facilitation fees	6.42	3.56	1.01
Income from market support services	34.92	23.84	29.18
Total	**41.34**	**27.40**	**30.19**

52 Leases

Company as a lessee

Company has its office at Gurugram under lease arrangement.The head office lease has obtained on a non-cancellable lease term of 3 years which is extendable up to 9 years with an escalation clause at a 3 years interval. The company's obligations under its leases are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets.

The Company has branch offices on lease for which 'short term lease' recognition exemption is applied. Accordingly, lease rentals of ₹139.65 millions for year ended March 31, 2022 (₹110.79 millions for the year ended March 31, 2021) on such short term leases has been directly debited to Ind AS 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 11):

Particulars	Right of use asset
As at April 1, 2020	-
Addition	83.45
Depreciation	5.26
As at March 31, 2021	**78.19**
Addition	-
Depreciation	9.02
As at March 31, 2022	**69.17**

Set out below are the carrying amounts of lease liabilities and the movements during the year: (Refer note 19)

As at April 1, 2020	-
Addition	83.45
Accretion of interest	5.30
Payments	(4.12)
As at March 31, 2021	**84.63**
Addition	-
Accretion of interest	8.88
Payments	(11.69)
As at March 31, 2022	**81.82**

The following are the amounts recognized in statement of profit or loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expense of Right of use asset (refer note 11)	9.02	5.26
Interest expense on lease liability (refer note 31)	8.88	5.30
Total amount recognized in profit or loss	**17.90**	**10.56**

Total cash outflow for leases for the year March 31, 2022 and March 31, 2021 were ₹ 159.02 millions, ₹ 114.24 millions.

The effective interest rate for lease liabilities is 10.72% with maturity between September 2020 - November 2029.

53 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 ₹ 3603.50 Mn as at March 31, 2022 is subject to uncertainty on account of factors explained above and the actual results may differ.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

54 Additional information required by Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

a. Capital to risk assets ratio ('CRAR')

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	21.94%	27.26%
CRAR- Tier I (%)	19.93%	25.52%
CRAR- Tier II (%)	2.01%	1.74%
Amount of subordinated debt raised as Tier-II capital	1,625.67	1,167.21
Amount raised by issue of Perpetual Debt Instruments	-	-

b. Exposures

i) The Company has no direct and indirect exposure to real estate sector.

ii) The Company has no exposure to capital market.

c. Assets liability management:

Maturity pattern of certain items of assets and liabilities as on March 31, 2022

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)	159.23	994.02	1,639.17	3,685.30	3,435.82	10,379.30	13,309.61	21,004.20	2,624.04	527.39	57,758.09
Advances (Note 2)	895.56	896.66	1,921.19	3,211.44	3,222.85	9,613.07	17,282.14	23,034.38	87.30	66.86	60,231.45

Maturity pattern of certain items of assets and liabilities as on March 31, 2021

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)	538.60	623.92	1,112.29	1,305.16	2,175.92	7,207.37	11,299.23	17,185.89	1,424.24	1,449.88	44,322.50
Advances (Note 2)	605.46	651.45	1,563.87	2,379.49	2,515.70	7,350.38	13,010.84	16,821.08	11.90	14.91	44,925.08

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, 2022

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	435	12.67	5.96	6.71

*includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2021

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	170	9.77	5.18	4.59

*includes recoveries in respect of frauds reported in earlier years

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

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	15,000.00	Credit Analysis & Research Ltd.	21-Jan-22	See Note 1	CARE A-; Stable	CARE A-; Stable
Bank Loan Rating	19,700.00	CRISIL Limited	4-Feb-22	See Note 1	CRISIL A -/ (Stable)	CRISIL A -/ (Stable)
Cash Credit	-	Credit Analysis & Research Ltd.	3-Sep-21	See Note 1	-	CARE A-; Stable
Non - Convertible Debenture	300.00	Credit Analysis & Research Ltd.	3-Sep-21	See Note 1	-	-
Non - Convertible Debenture (MLD)	250.00	Credit Analysis & Research Ltd.	3-Sep-21	See Note 1		CARE PP-MLD A-; Stable
Non - Convertible Debenture	9125.00*	ICRA Limited	21-Sep-21	See Note 1	[ICRA] A-(Stable)	[ICRA]A-(Stable)
Non - Convertible Debenture	600.00	Credit Analysis & Research Ltd.	5-May-21	See Note 1	CARE A (CE); Stable	Provisional CARE A (CE); Stable
Subordinate Debt (NCD)	300.00	Credit Analysis & Research Ltd.	21-Jan-22	See Note 1	CARE A-; (Stable)	CARE A- (Stable)
Subordinate Debt (NCD)	500.00	ICRA Limited	21-Sep-21	See Note 1	[ICRA] A-(Stable)	[ICRA]A-(Stable)
Subordinate Debt (Term Loan)	300.00	CRISIL Limited	4-Feb-22	See Note 1	CRISIL A -; (Stable)	-
Organization Grading	N.A	CARE Advisory Research and Training Ltd.	16-Mar-22	06/03/23	MFI 1 (MFI One)	MFI 1 (One)

Note 1: Rating is subject to annual surveillance till final repayment/redemption of rated facilities.

*Bank of Baroda NCD of ₹ 500.00 million has dual rating (1) ICRA A - Stable (2) CRISIL A - Stable

f. Disclosure of Complaints

Particulars	No. of Complaints	
	March 31, 2022	March 31, 2021
No. of complaints pending at the beginning of the year	14	44
No. of complaints received during the year	1214	777
No. of complaints redressed during the year	1207	807
No. of complaints pending at the end of the year	21	14

g. Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2022	As at March 31, 2021
Concentration of Advances		
Total advances to twenty largest borrowers*	19.97	15.34
(%) of advances to twenty largest borrowers to total advances	0.03%	0.03%
Concentration of Exposures		
Total exposure to twenty largest borrowers*	19.97	15.34
(%) of exposures to twenty largest borrowers to total exposure	0.03%	0.03%
Concentration of NPAs		
Total exposure to top four NPA accounts	1.85	0.72

* Does not include interest accrued

h. Sector wise NPAs*

Particulars	% of NPA to total advances in that sector	
	As at March 31, 2022	As at March 31, 2021
Agriculture & allied activities #	3.82%	2.29%
MSME	8.03%	3.76%
Corporate borrowers	NA	NA
Services	10.64%	3.58%
Unsecured personal loans	NA	NA
Auto loans	NA	NA
* interest accrued on loans have not been consisdered for above calculation	NA	NA

including manufacturing & production, trade & retail, CS and others.

i. Movement of NPA's

Particulars	March 31, 2022	March 31, 2021
i) Net NPA to net advances percentage	1.74%	2.35%
ii) Movement of NPAs (Gross)		
a) Opening balance	2,558.90	384.49
b) Additions during the year	3,959.74	2,500.47
c) Reduction during the year (write off)	(2,934.39)	(326.06)
d) Closing balance	**3,584.25**	**2,558.90**
iii) Movement of net NPAs		
a) Opening balance	1,023.68	130.47
b) Additions during the year	6.60	893.21
c) Reduction during the year	-	-
d) Closing balance	**1,030.28**	**1,023.68**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1535.23	254.04
b) Provision made during the year	3,953.15	1607.25
c) Write off/ write back of excess provisions	(2,934.39)	(326.06)
d) Closing balance	**2553.99**	**1535.23**

j. Investments

Particular	As at March 31, 2022	As at March 31, 2021
1. Value of Investments		
(i) Gross value of investments		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provision for depreciation	-	-

Particular	As at March 31, 2022	As at March 31, 2021
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments	-	-
(a) In India	-	-
(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, 2022	26	46,487.13	-	78.10%
March 31, 2021	30	38,237.82	-	86.28%

(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 millions and % of total borrowings)

March 31, 2022		March 31, 2021	
Amount	% of Total Borrowings	Amount	% of Total Borrowings
31,495.69	54.53%	23,354.16	52.70%

(iv). Funding concentration based on significant instrument/product*

Name of the instrument/product	March 31, 2022		March 31, 2021	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term loans from Banks	42,525.11	71.44%	30,351.15	68.49%
Subordinate Debts	1,625.67	2.73%	1,167.21	2.63%
Non Convertible Debentures	7,837.76	13.17%	9,904.49	22.35%
Term Loans from Others Parties (NBFC and FIs)	5,769.55	9.69%	2,894.30	6.53%
Borrowings under Securitization arrangement	-	0.00%	-	0.00%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

(v). Stock Ratios

Particulars	March 31, 2022			March 31, 2021		
	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	60.96%	59.15%	48.29%	12.31%	8.52%	44.14%

(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 10 years from the date of issue as defined in Regulatory Framework For Core Investment Companies issued vie Notification No. DNBS (PD) CC.No206/03.10.001/2010-11 dated January 5th, 2011.
5. The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2022.

k. Details of assignment transactions:

Particulars	March 31, 2022	March 31, 2021
Total no. of loans assigned	3,05,690	99,375.00
Aggregate book value of loan assigned	6,934.54	1,180.20
Sale consideration received for loan assigned	6,934.54	1,180.20
Aggregate gain / (loss) over net book value	-	-

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
l. Disclosure related to securitization		
Particulars	March 31, 2022	March 31, 2021
Total no. of loans securitized	-	-
Aggregate book value of loan securitized	-	-
Aggregate book value of loan securitized (including MRR)	-	-
Sale consideration received for loan securitized	-	-
Credit enhancements provided and outstanding (Gross):		
Principal subordination	-	-
Cash collateral	-	-
Outstanding value of loan securitized during the year	-	-

Particulars	As at March 31, 2022	As at March 31, 2021
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		
Mr. Pradip Kumar Saha		
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations		
* First loss	-	-
* Others	-	-

m. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2022	March 31, 2021
Provision for non-performing loan portfolio	3,953.15	1,607.24
Provision for standard portfolio	(268.28)	589.47
Provision for insurance recoverable and BC collection	-	-
Provision for Income Tax (net)	26.71	128.47
Provision for cash loss	(11.43)	9.21
Provision for gratuity	23.11	17.86
Provision for leave benefits	21.38	20.31

n. Information on Net Interest Margin

Particulars	March 31, 2022	March 31, 2021
Average interest charged (A)	18.82%	20.45%
Average effective cost of borrowings (B)	10.43%	11.23%
Net Interest Margin (A-B)	8.39%	9.22%

1. Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 54(vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.
2. Average loan outstanding considered for computation of "average interest charged" is gross of the impairment allowance and unamortized portion of loan processing fee. As per Ind AS 109, such allowance is adjusted from the loan balance in the Ind AS financial statements.

o. Prudential floor for impairment loss

Assets classification under RBI norms March 31, 2022	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	57,890.26	597.12	57,293.14	590.64	6.48
	Stage II	1,310.91	452.39	858.53	27.50	424.89
Subtotal (A)		**59,201.17**	**1,049.51**	**58,151.67**	**618.14**	**431.37**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

Assets classification under RBI norms March 31, 2022	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
Non-performing assets						
Sub-standard	Stage III	3,584.26	2,553.99	1,030.27	585.47	1,968.52
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)		**3,584.26**	**2,553.99**	**1,030.27**	**585.47**	**1,968.52**
Total	Stage I	57,890.26	597.12	57,293.14	590.64	6.48
	Stage II	1,310.91	452.39	858.53	27.50	424.89
	Stage III	3,584.26	2,553.99	1,030.27	585.47	1,968.52
	Total	**62,785.43**	**3,603.50**	**59,181.94**	**1,203.61**	**2,399.89**

This also includes additional 10% provision on restructred 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

Assets classification under RBI norms March 31 , 2021	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)		(IV)	(V) = (III) - (IV)	(VI)	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I	40,763.84	449.56	40,314.28	428.04	21.52
	Stage II	3,137.58	868.23	2,269.35	8.88	859.35
Subtotal (A)		**43,901.42**	**1,317.79**	**42,583.63**	**436.92**	**880.87**
Non-performing assets						-
Sub-standard	Stage III	2,558.90	1,535.23	1,023.67	12.29	1,522.94
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)		**2,558.90**	**1,535.23**	**1,023.67**	**12.29**	**1,522.94**
Total	Stage I	40,763.84	449.56	40,314.28	428.04	21.52
	Stage II	3,137.58	868.23	2,269.35	8.88	859.35
	Stage III	2,558.90	1,535.23	1,023.67	12.29	1,522.94
	Total	**46,460.32**	**2,853.02**	**43,607.30**	**449.21**	**2,403.81**

*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 disclosures as required vide the above Notification dated March 13, 2020 are relevant for year ended March 31, 2020 and onwards, hence prior period reporting is not required.

p. Details of penalties imposed by RBI and other regulators

No penalty has been imposed by RBI and other regulators on the Company during the financial year ended March 31, 2022 and March 31, 2021.

q. 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 financial year ended March 31, 2022 and March 31, 2021.

r. Details of non-performing financial assets purchased / sold

The Company has not purchased / sold any non-performing financial assets during the financial year ended March 31, 2022 and March 31, 2021.

s. 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 financial year ended March 31, 2022 and March 31, 2021.

t. Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2022 and March 31, 2021.

u. Derivatives

Currency and interest rate swap

Particulars	March 31, 2022	March 31, 2021
Notional Principal of swap agreements	890.42	-
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreement	77.11	-
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swap	-	-
Fair value of the swap book	77.11	-

v. The Company has no loans outstanding as at March 31, 2022 and March 31, 2021 that are secured against gold.

w. Details of registration with financial and other regulators

Regulator	Registration number	Date of registration
Ministry of Corporate Affairs	U65100DL1994PLC061287	September 5, 1994
Reserve Bank of India	B-14.02857	May 19, 2010

x Disclosure of Liquidity risk management as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20
The requirements of the above circular with respect to the Liquidity Coverage Ratio (""LCR"") have become applicable to the Company with effect from the quarter ended March 31, 2021.

		For the quarter ended March 31, 2022		For quarter ended December 31, 2021	
		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)	-	4,974.25	-	4,459.02
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	4,329.83	4,979.30	3,681.20	4,233.38
7	Other contingent funding obligations	-	-	-	-
8	**Total cash outflows**	**4,329.83**	**4,979.30**	**3,681.20**	**4,233.38**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	5,139.42	3,854.56	4,956.34	3,717.25
12	**Total cash inflows**	**5,139.42**	**3,854.56**	**4,956.34**	**3,717.25**
		Total Adjusted Value		**Total Adjusted Value**	
13	Total HQLA	-	4,974.25	-	4,459.02
14	Total net cash outflows	-	1,244.83	-	1,058.35
15	Liquidity Coverage ratio (%)	-	399.59%	-	421.32%
	Following assets formed part of HQLA				
	Assets				
	Cash on hand	-	129.41	-	119.97
	Balances with banks – Current Accounts	-	4,844.85	-	4,339.05
	Total	-	**4,974.25**	-	**4,459.02**

		For the quarter ended September 30, 2021		For quarter ended June 30, 2021	
		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)	-	3,632.50	-	3,979.39
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	2,905.07	3,340.83	2,973.63	3,419.67
7	Other contingent funding obligations	-	-	-	-
8	**Total cash outflows**	**4,430.28**	**5,094.82**	**3,723.50**	**4,282.03**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-
11	Other cash inflows	3,559.74	2,669.80	6,968.98	5,226.74
12	**Total cash inflows**	5,195.58	3,896.69	4,956.34	3,717.25
		Total Adjusted Value		**Total Adjusted Value**	
13	Total HQLA	-	3,632.50	-	3,979.39
14	Total net cash outflows	-	835.21	-	854.92
15	Liquidity Coverage ratio (%)	-	434.92%	-	465.47%
	Following assets formed part of HQLA				
	Assets				
	Cash on hand	-	126.41	-	110.95
	Balances with banks – Current Accounts	-	3,506.09	-	3,868.44
	Total	-	3,632.50	-	3,979.39

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

y Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended:

S. No		Particulars	As at March 31, 2022		As at March 31, 2021	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
1		**Liabilities side**				
		Loans and advances availed by the company inclusive of interest accrued thereon but not paid:				
	a	Debentures : Secured	5,870.52	-	9,550.41	-
		Debentures : Unsecured	3,418.27	-	1,304.17	-
		(other than falling within the meaning of public deposits*)				
	b	Deferred Credits				
	c	Term Loans*	48,726.16	-	33,841.32	-
	d	Inter corporate loans and borrowings				
	e	Commercial Paper				
	f	Public Deposit				
	g	Other loans (lease liability)	81.82		84.63	

			As at March 31, 2022	As at March 31, 2021
			Amount outstanding	Amount outstanding
Asset Side				
2	**Break-up of Loans and Advances including bills receivables :**			
	a	Secured**	271.61	35.07
	b	Unsecured	62,513.83	46,425.25
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	**Unqouted**		
	(i)	Shares	-	-
		(A) Equity	-	-
		(B) Preference	-	-
	(ii)	Debentures and Bonds	-	-
	(iii)	Units of Mutual Funds	-	-
	(iv)	Government Securities	-	-
	(v)	Others (Please specify) - Commercial Paper	-	-
	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	**Unqouted**		
	(i)	Shares	-	-
		(A) Equity	-	-
		(B) Preference	-	-
	(ii)	Debentures and Bonds	-	-
	(iii)	Units of Mutual Funds	-	-
	(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)**

	As at March 31, 2022			As at March 31, 2021		
	Amount net of provision			Amount net of provision		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Category						
a. Subsidieries	-	-	-	-	-	-
b. Companies in the same group	-	-	-	-	-	-
c. other related parties	-	-	-	-	-	-
Other then related parties	271.61	58,910.33	59,181.94	35.07	43,607.30	43,642.37
Total	**271.61**	**58,910.33**	**59,181.94**	**35.07**	**43,607.30**	**43,642.37**

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

5 **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**

	As at March 31, 2022		As at March 31, 2021	
	Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)
Category				
a. Subsidieries	-	-	-	-
b. Companies in the same group	-	-	-	-
c. other related parties	-	-	-	-
Other then related parties	-	-	-	-
Total	-	-	-	-

6 **Other information**

	As at March 31, 2022	As at March 31, 2021
Particulars	Amount	Amount
Gross Non Performing Assets		
a. Related parties	-	-
b. Other than related parties	3,584.26	2,558.90
Net Non Performing Assets		
a. Related parties	-	
b. Other than related parties	1,030.27	1,023.67

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	Descrption	March 31, 2022	
		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.

56 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 non-convertible debentures at all times

57 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: erred/acquired through assignment:

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

Particulars	March 31, 2022		March 31, 2021	
	Transferred (MFI Loan)	Acquired	Transferred (MFI Loan)	Acquired
Aggregate amount of loans transferred/acquired	4,683.33	-	6,934.54	-
Weighted average in maturity (in months)	16.13	-	16.80	-
Weighted average holding period (in months)	8.52	-	7.57	-
Retention of beneficial economic interest by the originator	10.00%	-	11.62%	-
Tangible security cover	111.11%	-	112.42%	-
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.

58 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

59 Analytical Ratios

	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% variance	Reason for Variance
a) Capital to risk-weighted assets ratio (CRAR)	Total Capital	Risk wiegited assets	21.94%	27.26%	(19.52)%	NA
(b) Tier I CRAR	Tier -I capital	Risk wiegited assets	19.93%	25.52%	(21.89)%	NA
(c) Tier II CRAR	Tier -II capital	Risk wiegited assets	2.01%	1.74%	15.14%	NA
(d) Liquidity Coverage Ratio	Total HQLA	Total net cash outflows	399.59%	394.85%	1.20%	NA

For the year ended March 31, 2022 (₹ in millions unless otherwise stated)

60 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 do not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company have not traded or invested in Crypto currency or virtual currency during the financial year.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company have 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.

61 The figures for the previous year have been regrouped/rearranged wherever necessary to conform to current year presentation.

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Amit Kabra
Partner
Membership Number : 094533

Place: Gurugram
Date: **May 06, 2022**

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
Managing Director and Chief Executive Officer
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date: **May 06, 2022**

List of Lenders

S.No.	Name of the Lenders
1	State Bank of India
2	Punjab National Bank
3	Bank of Baroda
4	Canara Bank
5	Indian Bank
6	Union Bank of India
7	Bank of Maharashtra
8	Bank of India
9	Indian Overseas Bank
10	IDBI Bank Limited
11	National Bank for Agriculture and Rural Development
12	Small Industries Development Bank of India
13	Micro Units Development and Refinance Agency
14	Citibank
15	Standard Chartered Bank
16	BNP Paribas
17	HSBC Bank
18	DBS Bank Limited
19	Federal Bank
20	CSB Bank Limited
21	SBM Bank (India) Ltd
22	Woori Bank
23	BANK IM BISTUM ESSEN EG-BIB
24	Bank of Bahrain and Kuwait B.S.C
25	Credit Agricole Corporate & Investment Bank
26	Axis Bank Limited
27	ICICI Bank Limited
28	HDFC Bank Limited
29	RBL Bank
30	Yes Bank Limited
31	IndusInd Bank Limited
32	Utkarsh Small Finance Bank Limited
33	Bandhan Bank Ltd
34	DCB Bank Limited
35	Karnataka Bank
36	Equitas Small Finance Bank
37	UJJIVAN Small Finance Bank Limited
38	Kotak Mahindra Bank Limited
39	Nabsamruddhi Finance Limited
40	AU Small Finance Bank Limited
41	IDFC First Bank Limited
42	Bajaj Finserv Limited
43	Nabkisan Finance Limited
44	Aditya Birla Finance Limited
45	Sundaram Finance Ltd.
46	Hero Fincrop Ltd
47	Piramal Capital & Housing Finance
48	MAS Financial Services Limited
49	KISETSU SAISON FINANCE (INDIA) PRIVATE LIMITED
50	Northern Arc Capital Ltd
51	Tata Capital Financial Services Limited
52	Vivriti Capital Private Limited
53	UTI International Wealth Creator (responsAbility)
54	Blue Orchard (Microfinane Fund)-4
55	CDC GROUP
56	PETTELAAR EFFECTENBEWAARBEDRIJF N.V. (ASN Microcredit Fund TJ)
57	Triodos Fare Share Fund

NOTES

www.fusionmicrofinance.com

Plot no 86, Institutional sector 32
Gurgaon
Haryana - 122001

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of Fusion Micro Finance Limited (the Company) will be held on Friday, August 5, 2022 at 11:00 a.m. at H-1, C- Block, Community Centre, Naraina Vihar, New Delhi-110028 to transact the following business:

This notice is a shorter notice and is given pursuant to Section 101(1) of the Companies Act, 2013 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force) and the rules made thereunder (the "Companies Act, 2013") in accordance with the Articles of Association of the Company

ORDINARY BUSINESS:

1. **TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIALYEAR ENDED MARCH 31, 2022 AND THE REPORT OF THE BOARD OF DIRECTORS AND AUDITORS THEREON.**

   To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution

   "RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2022, and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. **TO APPOINT A DIRECTOR IN PLACE OF MR. DEVESH SACHDEV (DIN: 02547111), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR REAPPOINTMENT.**

   "RESOLVED THAT Mr. Devesh Sachdev (DIN: 02547111), Director of the Company, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a director of the Company liable to retire by rotation."

SPECIAL BUSINESS

3. **TO APPOINT AUDITORS AND FIX THEIR REMUNERATION AND IN THIS REGARD, PASS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and RBI guidelines on appointment of statutory auditors of NBFCs (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Deloitte Haskins & Sells, (Registration no. 015125N) be and is hereby appointed as the Statutory Auditors of the Company for a term of 3 (three) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 31st Annual General Meeting of the company to be held in Financial Year 2025-26, at such remuneration as shall be fixed by the Board of Directors of the company.

   "RESOLVED FURTHER THAT the board of directors of the company is hereby authorized to do all acts and take all such steps as necessary, proper and expedient to give effect to this resolution."

4. **TO CONSIDER AND APPROVE THE REMUNERATION OF MR. DEVESH SACHDEV, MANAGING DIRECTOR & CEO OF THE COMPANY IN ACCORDANCE WITH THE STATUTORY REQUIREMENT APPLICABLE TO THE COMPANY AS APPROVED BY THE BOARD ON THE RECOMMENDATION OF NOMINATION AND REMUNERATION COMMITTEE.**

To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:

“RESOLVED THAT “RESOLVED THAT pursuant to the provisions of Sections 196, 197 and all other applicable provisions of the Companies Act, 2013 (“the Act”) read with Schedule V of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, or any statutory modification(s) or re-enactment thereof and in terms SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such condition(s) as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and subject to the approval of the members of the Company, and on the recommendation Nomination & Remuneration Committee and as approved by the Board of Directors, the consent of member of the Company be and is hereby accorded for the payment of INR 2.50 Crores (including perquisite) per annum plus Bonus upto INR 2.25 Crores for the period starting from April 1, 2021 to March 31, 2022) and INR 2.75 Crores (including perquisites) and bonus upto INR 4 Crore to Mr. Devesh Sachdev, Managing Director & CEO of the Company for his remaining tenure w.e.f. April 1, 2022.

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorized to vary and/or revise the remuneration of Mr. Devesh Sachdev, Managing Director & CEO and settle any question or difficulty in connection therewith and incidental thereto.

RESOLVED FURTHER THAT in case the Company has no profits or its profits are inadequate in any financial year, the Company will pay remuneration by way of salary, benefits, perquisites, allowances, reimbursements and facilities as specified above or revised by the Board time to time as minimum remuneration to Mr. Devesh Sachdev, Managing Director & CEO;

RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and are hereby severally authorised for obtaining necessary approvals-statutory, contractual or otherwise, file necessary forms and applications, do all such acts, deeds, matters and things as are incidental thereto or as may be deemed necessary or desirable to give effect to the above resolutions.”

5. TO INCREASE THE BORROWING LIMIT OF THE COMPANY AND CREATE CHARGES ETC ON THE MOVABLE 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 UP TO RS. 12,000 CRORES

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the earlier Resolutions passed in this regard, consent of the Company be and is hereby accorded, pursuant to Sections 179, 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), and the Companies (Meetings of Board and its Powers) Rules, 2014 and other Rules, Regulations, Notifications and Circulars issued including any statutory modification or re-enactment thereof for the time being in force, to the Board of Directors of the Company (hereinafter referred to as 'the Board) which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this Resolution) for borrowing from time to time, any sum or sums of money for the purposes of the Company, upon such terms and conditions and with or without security, as the Board may in its discretion think fit, notwithstanding that the money or monies to be so borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the sums already borrowed, may exceed the aggregate of the paid-up share capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed and remaining outstanding on account of principal shall not, at any time, exceed Rs. 12,000 Crores (Rupees Twelve Thousand Crores Only).

RESOLVED FURTHER THAT in pursuance to the limits stated above and the provisions of Section 180(1)(a) of the Companies Act, 2013 along with the Statutory amendments thereof, consent of the Company be and is hereby accorded to the Board of Directors of the Company, to create charges, mortgages and / or hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, in such form and manner and with such ranking, whether exclusive, pari-passu, subservient or otherwise and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties of the Company, both present and future and / or on the whole or any part of the undertaking(s) of the Company, in favour of the banks, non-banking financial companies, financial institutions and other lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loans(s) (in Foreign currency and / or rupees) and / or debentures (convertible / non-convertible/ secured / unsecured) and / or securities in the nature of debt instruments issued / to be issued by the Company or external commercial borrowing (hereinafter termed 'loans'), from time to time, provided that the total amount of loans shall not at any time exceed Rs. 12,000 Crores (Rupees Twelve Thousand Crores Only) in excess of the aggregate of the paid-up capital of the Company and its free reserves (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business) in respect of such borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to, between the Board of Directors and the lender(s), Agent(s) and Trustee(s) of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the Members of the Company."

6. TO APPROVE THE LIMIT FOR RAISING OF FUNDS THROUGH NON - CONVERTIBLE DEBENTURES.

To consider, and if thought fit, to pass with or without modification(s), the following resolution as aSpecial Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities)Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee constituted by the Board to exercise the powers conferred on the Board by this Resolution) of the Company to offer/Issue Non-Convertible Debentures(NCD), in one or more series /tranches, on private placement basis, issuable / redeemable at par aggregating up to Rs. 3,500 Crores (Rupees Three Thousand Five Hundred Crores Only), from such persons and on such terms and conditions as the Board of Directors/ Committee of the Company may, from time to time, determine and consider proper and most beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilization of the issue proceeds and all matters connected therewith or incidental thereto;

RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to finalize with the Investors and the trustees the documents for creatingthe mortgages, charges, pledges and/or hypothecations and to negotiate, modify, finalize and signthe documents, including without limitation the offer letter, debenture trust deed, pledge agreement and any other security documents, in connection with the NCD Issue by the Company of such Secured/unsecured, Rated, Listed/unlisted, Non-Convertible, Redeemable, Taxable Debentures and to do all such acts, deeds, matters and things as may be necessary or ancillary or incidental thereto and to execute all such documents as may be necessary for giving effect to the above resolutions."

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

Sd/-
Date: July30, 2022 **Deepak Madaan**
Company Secretary & Compliance Officer

<u>Notes:</u>

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) ISENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURSBEFORE THE COMMENCEMENT OF THEMEETING.**

2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizingtheir representative to attend and vote at the Meeting.

3. The Register of Directors Shareholding shall be available for inspection at theMeeting.

4. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto

5. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be member of the company. Proxy forms, in orderto be effective, must be deposited at the Registered Office of the company, not later than 48 hours before the time fixed for the meeting.

6. Route Map for the Fusion Micro Finance Limited H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028 is annexed hereto.

7. The Member/Proxies should bring their attendance slip, sent herewith, duly filled in, for attendingthe meeting.

8. The Annual Report for the year ended March 31, 2022 containing, inter-alia, the Directors’ Report,Auditors’ Report and the audited financial statement.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“The Act”)

The Following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No.3

Pursuant to the provisions of Section 139 of the Act read with rules made thereunder, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold the office for a period of five years from the conclusion of the Twenty–Fifth Annual General Meeting (“AGM”) till the conclusion of the Thirtieth AGM of the Company.

However, the Reserve Bank of India vide its recent Notification DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, require every NBFC to appoint the Statutory Auditors for a continuous period of three years. Accordingly, the tenure of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants will come to an end on the conclusion of the Twenty–Eighth AGM (“the ensuing AGM”) of the Company.

Therefore, the Audit Committee of the Company has proposed & the Board has recommended the appointment of M/s. Deloitte Haskins & Sells, (Registration no. 015125N) as the statutory auditors of the Company which will be subject to the approval of shareholders’ of the Company in the ensuing AGM. M/s. Deloitte Haskins & Sells, will hold office for a period of three consecutive years from the conclusion of the ensuing AGM till the conclusion of the Thirty – First AGM of the Company to be held in FY 2025-26.

The Auditors’ Reports for the financial year ended on March 31, 2022 submitted by M/s. S. R. Batliboi & Associates LLP, Chartered Accountants do not contain any qualification or reservation or adverse remark or disclaimer. The Notes on Financial Statement referred to in the Auditors’ Report are self-explanatory and do not call for any further comments.

The Board recommends the resolution set forth in the Item No. 3 of the Notice for approval by the shareholders by way of Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

Item No. 4

Mr. Devesh Sachdev, Managing Director & CEO of the Company was appointed as the Managing Director of the Company for the period of 5 years w.e.f .December 5, 2018. The Company subsequent to the conversion into Public limited is required to approve the remuneration payable to the Managing Director in terms of provisions of Sections 196, 197 and 198 read with Schedule V of the Companies Act, 2013 for remaining tenure since the date of conversion of the Company into public limited i.e. July 20, 2021.

The Board of Directors, on the recommendation of Nomination and Remuneration Committee (NRC), in its meeting held on April 15, 2021 has approved revised remuneration payable to Mr. Devesh Sachdev, Managing Director & CEO of the Company of INR 2.50 Crores (including perquisite of INR 25 lakhs) w.ef. April 1 2021. However, consequent to conversion into “Public Limited”, considering the requirement prescribed under the Sections 196, 197 and 198 read with Schedule V of the Companies Act, 2013, the Board of Directors of the Company, on the recommendation NRC and subject to the approval of the shareholders has approved the remuneration of INR 2.50 Crores (including perquisite of INR 25 lakhs) to Mr. Devesh Sachdev, Managing Director & CEO, for the period starting from July 20, 2021 to December 4, 2023.

Thereafter, the Board of Directors, on the recommendation NRC and subject to the approval of the shareholders, in its meeting held on May 6, 2022 has approved payment of INR 2.50 Crores (including perquisite) per annum plus Bonus upto INR 2.25 Crore for the period starting from April 1, 2021 to March 31, 2022) and INR 2.75 Crores (including perquisites) and bonus upto INR 4 Crore to Mr. Devesh Sachdev, Managing Director & CEO of the Company for his remaining tenure w.e.f. April 1, 2022.

In terms of the provisions of Sections 196, 197 and all other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule V of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, or any statutory modification(s) or re-enactment thereof and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the total managerial remuneration payable to Mr. Devesh Sachdev, Managing Director & CEO of the Company is within limit of eleven per cent. of the net profits for financial year computed in the manner laid down in section 198 . However, it exceeds the limit of 5% of such net profits.

Accordingly, the Board recommends the resolution set forth in the Item No. 4 of the Notice for approval by the shareholders by way of Special Resolution.

The necessary disclosure/ information in terms of Schedule V is provided below:

<table>
<tr><td colspan="2">I. General information:</td><td></td></tr>
<tr><td>1.</td><td>Nature of industry</td><td>Financing Industry - Micro Finance</td></tr>
<tr><td>2.</td><td>Date or expected date of commencement of commercial production</td><td>05.09.1994</td></tr>
<tr><td>3.</td><td>In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus</td><td>Not Applicable</td></tr>
<tr><td>4.</td><td>Financial performance based on given indicators</td><td>In the financial year 2021-2022, the Company made a turnover of INR 12013.49 Millions and Profit of 217.55 Millions after tax</td></tr>
<tr><td>5.</td><td>Foreign investments or collaborations, if any.</td><td>Detail of Equity investors of the Company along with their shareholding in the Company are as follows:
<table>
<tr><td>Name of the Entity</td><td>%</td></tr>
<tr><td>Honey Rose Investment Ltd – Promoter</td><td>48.65</td></tr>
<tr><td>Creation Investments Fusion, LLC – Promoter</td><td>18.17</td></tr>
<tr><td>Creation Investments Fusion II LLC – Promoter</td><td>11.80</td></tr>
<tr><td>Oikocredit, Ecumenical Development Co-Operative Society U.A.</td><td>7.83</td></tr>
<tr><td>Global Financial Inclusion Fund</td><td>4.20</td></tr>
<tr><td>Total</td><td>90.65</td></tr>
</table></td></tr>
<tr><td colspan="2">II. Information about the appointee:</td><td></td></tr>
<tr><td>1.</td><td>Background details</td><td>Company's Managing Director & CEO, Devesh Sachdev, An XLRI Post Graduate with 14 years of experience in the Service Industry prior to starting Fusion in 2009-10. He has also attended and successfully completed Strategic leadership program in Harvard Business School.

He is currently the Chairperson of the governing board of Microfinance Institutions Network (MFIN), which is a Self-Regulatory Organization for NBFC-MFIs in India. MFIN works closely with regulators and other key stakeholders and plays an active part in the larger financial inclusions dialogue through the medium of microfinance.</td></tr>
<tr><td>2.</td><td>Past remuneration</td><td>FY 20 -21, INR 1.70 Crores (including perquisite) and Bonus of 1.70 Crores)</td></tr>
<tr><td>3.</td><td>Recognition or awards</td><td>Chairperson of the governing board of Microfinance Institutions Network (MFIN), which is a Self-Regulatory Organization for NBFC-MFIs in India</td></tr>
<tr><td>4.</td><td>Job profile and his suitability</td><td>He has been part of the Company since inception and under his leadership, Fusion has grown into one of the leading microfinance institutions and continues to expand its operations.</td></tr>
</table>

		Further, considering his knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the opinion that for smooth and efficient running of the business, the services of Mr. Devesh Sachdev should be available to the Company.
5.	Remuneration proposed	As stated in resolution of Item No. 4 of the Notice
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration of Mr. Devesh Sachdev is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and nature of its business.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other directors, if any	Mr. Devesh Sachdev is a Founder promoter of the Company and holds 55,53,414 equity shares of the Company and he also serve to the Company as Managing Director & CEO on remuneration basis. Mr. Sachdev don't have any Pecuniary relationship directly or indirectly relationship with the managerial personnel or other directors of the Company.
III. Other information:		
1.	Reasons of loss or inadequate profits Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms.	The Company is a profitable Company. However, due to ongoing Covid-19 pandemic and other factors involved in the macro environment, resulted in inadequacy of profits for the purpose of payment of remuneration due to provisions of Section 198 of the Act . The management of the Company is already taking steps to mitigate the effect of the Covid-19 pandemic in line with the industry.

Other disclosure required under Schedule V, is forming the part of Annual Report "Corporate Governance" Section.

No Director (other than Mr. Devesh Sachdev, himself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 5

The shareholder of the company in their meeting on June 16, 2021, had increased the borrowing limits of the Company and authorized the Board of Directors to borrow funds, from time to time, for the business of the company, up to an amount, the aggregate, outstanding of which should not exceed, at any given time Rs. 8000 crores and to create charge on properties of the Company to secure the repayments of the borrowings.

Keeping in view, the existing borrowing and the additional fund requirements for meeting the capital expenditure for the ongoing / future projects, capacity expansion, acquisitions and enhanced long-term working capital needs of the Company, the Board of Directors had considered and approved to increase the borrowing limits of the company and creation of security on the properties of the Company from Rs. 8000 crore to Rs. 12,000 crore, subject to the approval of the shareholders, and recommends Resolution no. 4 of the accompanying Notice to the shareholder for their approval by way of special resolution.

Pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act 2013, approval of the Shareholder by way of special resolution is required to authorize the Board of Director to borrow moneys up to the said limits and create security in respect thereof.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

Item No. 6

Section 42 of the Companies Act, 2013 read with rule 14(2) of the Companies (Prospectus and allotment of securities) Rules, 2014 mandates companies issuing Non-Convertible Debentures (NCD) through Private placement to pass special resolution once in a year for all the offers or invitation for such debentures during the year. NCDs issued on private placement basis are a significant source of borrowings for the company.

In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, the Company intends to approve the issuing limit of NCD to Rs. 3,500 Crores.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No.5 of the Notice. This resolution is an enabling resolution and authorized the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the date of passing this resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The information as required under the Secretarial Standard on General Meetings, in relation to the Mr. Devesh Sachdev seeking re-appointment in the forthcoming Annual General Meeting, is given hereunder:

Name of the Director	Mr. Devesh Sachdev
Date of Birth	25-12-1972
Date of First Appointmenton the Board	05-11-2009
No. of shares held as on31st March, 2022	55,53,414 equity shares
Qualifications	Mr. Devesh Sachdev is an XLRI Post Graduate. He has also attended and successfully completed Strategic leadership program in Harvard Business School.
Experience	Mr. Sachdev have 14 years of experience in the Service Industry prior to starting Fusion in 2009-10. He is currently the Chairperson of the governing board of Microfinance Institutions Network (MFIN), which is a Self-Regulatory Organization for NBFC-MFIs in India. MFIN works closely with regulators and other key stakeholders and plays an active part in the larger financial inclusions dialogue through the medium of microfinance.
Terms and Conditions of his appointment	Mr. Devesh Sachdev (DIN: 025471111) was appointed as the Managing Director of the Company with effect from December 5, 2018 for a period of 5 (five) years as per the terms and conditions of the employment agreement dated December 03, 2018.
No. of Board Meetings attended during the year	Attended all the 10 Board meetings held during the period under review.
Detail of Remuneration sought to be paid and theremuneration last drawn	Remuneration sought to be paid: As stated in resolution of Item No. 4 of the Notice Remuneration Last drawn: FY 20 -21, INR 1.70 Crores (including perquisite) and Bonus of 1.70 Crores)
List of Directorship in Companies (**Other than Fusion Micro Finance Limited)**	Fusion Saksham Development Foundation
Chairman / Member of the Committees of the Board of Directors of Companies **(Other than Fusion Micro Finance Limited)** in which he is a Director	Nil

Disclosure of Inter se relationship of Directors:

None of the directors has any relationship with other directors and Key Managerial Personnel of the Company.

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

Sd/-
Deepak Madaan
Company Secretary & Compliance Officer

Date: July 30, 2022

PROXY FORM –MGT 11

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Managementand Administration) Rules, 2014)

CIN: U65100DL1994PLC061287
Name of the Company: Fusion Micro Finance Limited
Registered Office: H-1, C-Block, Community Center, Naraina Vihar, Delhi-110028

Name of the Member (s) :[●]

Registered address : [●]

E-mail id : [●]

Folio No. : [●]

I / We, being the member(s) of___________Equity Shares of Fusion Micro Finance Limited, hereby appoint

1. Name :____
   Address:____
   E-mail Id: ____
   Signature:________________________, or failing him / her
2. Name :____
   Address:____
   E-mail Id: ____
   Signature:________________________, or failing him / her
3. Name :____
   Address:____
   E-mail Id: ____
   Signature:________________________, or failing him / her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meetingof the Company, to be held on Friday, August 5, 2022 at 11:00 a.m at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

Item No.	Resolution	Assent	Dissent
1.	ADOPTION THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022 AND THE REPORT OF THE BOARD OF DIRECTORS AND AUDITORS THEREON		
2.	TO APPOINT A DIRECTOR IN PLACE OF MR. DEVESH SACHDEV (DIN: 02547111), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR REAPPOINTMENT.		
3.	TO APPOINT STATUTORY AUDITORS AND FIX THEIR REMUNERATION		
4.	TO CONSIDER AND APPROVE THE EXISTING REMUNERATION OF MR. DEVESH SACHDEV, MANAGING DIRECTOR & CEO OF THE COMPANY IN ACCORDANCE WITH THE STATUTORY REQUIREMENT APPLICABLE TO THE COMPANY AS APPROVED BY THE BOARD ON THE RECOMMENDATION OF NOMINATION AND REMUNERATION COMMITTEE.		
5.	TO INCREASE THE BORROWING LIMIT OF THE COMPANY AND CREATE CHARGES ETC ON THE MOVABLE 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 UP TO RS. 12,000 CRORES		
6.	TO APPROVE THE LIMIT FOR RAISING OF FUNDS THROUGH NON - CONVERTIBLE DEBENTURES.		

Signed this …… day of............................. 2022
Signature of Proxy Holder(s)

Revenue Stamp

Note: The proxy must be returned so as to reach the Registered Office of the Company not later than 48 hoursbefore the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

ATTENDANCE SLIP

(To be handed over at the Registration Counter)

Fusion Micro Finance Limited

Folio No. [●]
No. of Shares: [●]

I/We hereby record my/our presence at the Annual General Meeting of the Company being held on Friday, August 5, 2022 at 11:00 a.m at H-1, C-Block, community Centre, Naraina Vihar, New Delhi-110028.

1. Name(s) of the Member and Joint Holder(s) (in block letters) :1. Mr./Ms. ……………………………………………………………………………………..
:2. Mr./Ms. ……………………………………………………………………………………..
:3. Mr./Ms. ……………………………………………………………………………………..
2. Address :……………………………………………………………………………………………………..
……………………………………………………………………………………………………..
3. Father's/Husband's Name (of the Member) :Mr. ……………………………………………………………………………………………..
4. Name of Proxy :Mr./Ms. ……………………………………………………………………………………..

1.

2.

Signature of the Proxy Signature(s) of Member and Joint Holder(s)

Note: Please complete the Attendance slip and hand it over at the Registration Counter at the venue.

Route Map for the Fusion Micro Finance Limited H-1, C-block, Community Centre, Naraina Vihar, New Delhi – 110028