

Independent Auditors' Review Report on the unaudited financial results of Fusion Finance Limited (Formerly Fusion Micro Finance Limited) for the quarter ended 30 June 2025 under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Board of Directors of
Fusion Finance Limited
(Formerly Fusion Micro Finance Limited)

Introduction

1. We have reviewed the accompanying statement of unaudited financial results of Fusion Finance Limited (Formerly Fusion Micro Finance Limited) ('the Company') for the quarter ended 30 June 2025 ('the Statement'), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'). We have initialled the Statement for identification purpose only.
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors of the Company, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard ('Ind AS') 34 'Interim Financial Reporting' specified in Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time ('RBI guidelines') and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ('SRE') 2410 - 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India ('the ICAI'). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

4. As stated in Note 6 to the Statement, the predecessor auditors, Deloitte Haskins & Sells, vide their review report and audit report dated 23 May 2025 have issued modified conclusion and opinion for the comparative information presented in the Statement which has been reproduced below:

The Company has not evaluated whether any of the expected credit allowances recognised in the year ended 31 March 2025 should be retrospectively adjusted to previously reported amounts in any of the prior period presented because of impracticability described in Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors. In the absence of sufficient and appropriate evidence, we are unable to comment on the



Company's basis of impracticability to evaluate and determine whether any retrospective adjustment should have been made to previously reported amounts in any of prior period presented.

5. Based on our review conducted as above, except for the possible effects of the matter stated in paragraph 4 on the results for the Quarter and year ended 31 March 2025, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Material uncertainty related to Going Concern

6. We draw attention to Note 5 to the Statement which describes the material uncertainty in relation to the going concern assumption used in the preparation of the Statement. This condition and other matters stated in the Note indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the Statement has been prepared on a going concern basis for the reasons stated in the said Note.

Our conclusion is not modified in respect of this matter.

Other Matters

7. Attention is drawn to the fact that the unaudited financial results of the Company for the corresponding quarter ended 30 June 2024 were reviewed by the predecessor auditors, Deloitte Haskins & Sells, whose report dated 6 August 2024, expressed an unmodified conclusion on those unaudited financial results.
8. Attention is drawn to the fact that the review of unaudited financial results of the Company for the quarter ended 31 March 2025 and audit of financial results of the Company for the financial year ended 31 March 2025 were carried out by the predecessor auditors, Deloitte Haskins & Sells, whose report dated 23 May 2025, expressed a modified conclusion and opinion on those financial results.
9. Attention is drawn to the fact that the figures for the quarter ended 31 March 2025 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published unaudited year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

For B.K. Khare & Co.

Chartered Accountants

Firm Registration Number: 105102W

Shirish Rahalkar

Shirish Rahalkar

Partner

Membership Number: 111212

UDIN: 25111212BMKYGS9274

Place: Gurugram

Date: 08 August 2025



Fusion Finance Limited (formerly known as Fusion Micro Finance Limited)
CIN: L65100DL1994PLC061287
Registered office address : H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028
Statement of Financial results for the quarter ended June 30, 2025

(₹ in crore unless otherwise stated)

Particulars	Quarter ended			Year ended
	June 30, 2025	March 31, 2025	June 30, 2024	March 31, 2025
	Unaudited	Unaudited*	Unaudited	Audited
Interest income	421.89	448.68	621.28	2,134.22
Fees and commission income	0.35	1.04	7.02	15.14
Net gain on fair value changes	6.17	16.36	17.89	81.26
Net gain on derecognition of financial instruments under amortised cost category	6.02	-	42.13	89.14
Total revenue from operations	434.43	466.08	688.32	2,319.76
Other income	11.14	9.91	18.36	49.13
Total income	445.57	475.99	706.68	2,368.89
Expenses				
Finance costs	148.89	179.41	223.41	843.85
Impairment on financial instruments	178.86	254.68	348.47	1,869.49
Employee benefit expense	154.16	146.20	135.40	573.24
Depreciation and amortization expense	2.42	3.26	2.36	11.67
Other expenses	53.49	57.00	47.76	203.65
Total expenses	537.82	640.55	757.40	3,501.90
Profit/(loss) before tax for the period/year	(92.25)	(164.56)	(50.72)	(1,133.01)
Tax expense/(credit):				
Current tax	-	-	59.71	-
Deferred tax	-	-	(74.81)	91.53
Income tax expense	-	-	(15.10)	91.53
Profit/(loss) after tax for the period/year	(92.25)	(164.56)	(35.62)	(1,224.54)
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement gains on defined benefit plans	2.42	(0.60)	1.31	1.28
Income tax effect	-	-	(0.33)	-
Total other comprehensive income/(loss)	2.42	(0.60)	0.98	1.28
Total comprehensive income/(loss) for the period/year	(89.83)	(165.16)	(34.64)	(1,223.26)
Paid up Equity Share Capital (Face value of ₹ 10/- each)	131.18	100.65	100.65	100.65
Other Equity				1,542.68
Earnings per share (equity share, par value of ₹ 10 each)				
Computed on the basis of total profit/(loss) for the period/year (Refer Note 4)				
Basic earnings per share (BEPS) # (₹)	(7.44)	(14.97)	(3.24)	(111.41)
Diluted earnings per share (DEPS) # (₹)	(7.44)	(14.97)	(3.24)	(111.41)

#BEPS and DEPS for the quarter ended periods are not annualised

*Refer Note 14

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

Devesh Sachdev
Managing Director

Place: Gurugram
Date: August 08, 2025



Fusion Finance Limited (formerly known as Fusion Micro Finance Limited)

(CIN: L65100DL1994PLC061287)

Registered office address: H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028

Financial results for the quarter ended June 30, 2025

1. The financial results have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors of Fusion Finance Limited ("the Company") in their meeting held on August 08, 2025. The Company has prepared these financial results in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations, 2015") and the accounting standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and relevant provisions of the Companies Act, 2013, as applicable. The Company has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statement for the year ended March 31, 2025. The limited review of financial results for the quarter ended June 30, 2025 have been conducted by the Statutory Auditors of the Company.
2. The Company operates in a single business segment i.e., lending to borrowers, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographic segment i.e., domestic.
3. The Company, during the quarter ended June 30, 2025, granted 43,02,487 stock options to employees in accordance with the Company's Employee Stock Option Scheme(s).
4. Pursuant to the Board of Directors approval dated December 04, 2024 for issue of equity shares by way of Rights Issue ("Rights Issue") for an amount of ₹ 799.86 crore, the Company had filed Letter of Offer on March 29, 2025. The issue opened for subscription on April 15, 2025 and closed on April 25, 2025. The rights issue was subscribed 1.5 times. The Rights Issue Committee on May 2, 2025 approved the allotment of 6,10,58,392 equity shares to the eligible shareholders at a price ₹ 131 per equity share (including premium of ₹ 121 per equity share) which is partly paid-up at a price ₹ 65.50 per equity share (including a premium of ₹ 60.50 per equity share) aggregating to ₹ 399.93 crore.

The Company is planning to utilize the proceeds from Rights Issue from July, 2025 onwards. As on June 30, 2025, the funds have been parked in scheduled commercial banks.

Pursuant to above, the earnings per share (basic & diluted) have been restated for the comparative periods/year, wherever applicable.

5. The Statement for the quarter ended June 30, 2025 has been prepared on a going concern basis. As at June 30, 2025, the Company had breached various financial covenants (in respect of borrowings amounting to ₹ 3,567.00 crore as at June 30, 2025) resulting in these borrowings becoming repayable on demand. The Company has obtained extension from testing date for said breaches from lenders whose borrowings as of June 30, 2025 aggregate ₹ 2,570.29 crore. As a result, no demand for immediate repayment is anticipated until the extended date from these lenders. The Company is in discussion with the remaining lenders to obtain similar extensions and no demand for immediate repayment of borrowed fund is made by lenders to date. Additionally, the Company holds Cash and Cash equivalents and liquid assets aggregating ₹ 724.38 crores as at June 30, 2025, supported by the issue proceeds aggregating ₹ 399.93 crore from partly paid-up equity shares under Rights Issue received during the quarter ended June 30, 2025.

The Company's ability to continue as a going concern is dependent on obtaining waivers from demand by lenders for immediate repayment of borrowings for a period of at least twelve months from the balance sheet; and / or securing sufficient funds through other sources such as (i) successful sale of loans; (ii) balance call money of ₹ 399.93 from partly paid up rights issue, which may be received in one or more call(s) as may be decided by the Board / Rights Issue Committee (iii) refinancing of borrowings.

Consequently, as a matter of prudence and in compliance with the requirements of Indian Accounting Standard (Ind AS) 12 Income Taxes, the deferred tax assets (net) has not been created during the current period.



6. The Company, in respect of the comparative period/year, has provided the below mentioned note:

During the year ended March 31, 2025, the Company had recorded an allowance for Expected Credit Loss (“ECL”) of ₹ 1,864.91 crore, in respect of loans given, with a corresponding charge to the Statement of Profit and Loss, consequent to a significant increase in credit risk evidenced by slowing and delayed collections. In preparing the statement, the Company had not evaluated whether any of these allowances should have been recognized in any of the prior period presented because of limitations in objectively determining information relating to assumptions and circumstances as it existed in those prior periods. As a result, the Company had concluded that it was impracticable to evaluate and determine any amounts for retrospective recognition and measurement in those prior periods.

7. Disclosure of Liquidity Risk Management as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023

(₹ in crore unless otherwise stated)

Particulars	For the quarter ended June 30, 2025	
	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)	-	257.18
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	594.14	683.26
Total Cash Outflows	594.14	683.26
Cash Inflows		
7 Secured lending	-	-
8 Inflows from fully performing exposures	-	-
9 Other cash inflows	949.68	712.26
Total Cash Inflows	949.68	712.26
		Total Adjusted Value
Total HQLA		257.18
Total net cash outflows		170.82
Liquidity Coverage ratio (%)		150.56%
Following assets formed part of HQLA		
Assets		
Cash on hand		8.90
Balances with banks – Current Accounts		248.28
Total		257.18

8. The managerial remuneration paid/payable to the Managing Director of the Company for the previous financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013. As per the provision of the act, the excess amount is subject to approval of the shareholders. The Company has obtained the requisite approval for previous financial year along with the current financial year in its Annual General Meeting held on July 22, 2025.
9. The Company, during the quarter ended June 30, 2025, has entered into securitisation arrangements in the form of Pass Through Certificate (PTC). The value of underlying assets is ₹ 99.41 crore.



10. Details of loans transferred/acquired during the quarter ended June 30, 2025, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

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

(₹ in crore unless otherwise stated)

Particulars	Transferred (MSME loans)
Number of loans	798
Aggregate amount of loans (including retention)	36.21
Sale Consideration of loans (excluding retention)	32.59
Number of transactions	1
Weighted average in maturity (in months)	63.22
Weighted average holding period (in months)	17.65
Retention of beneficial economic interest by the originator	10.00%
Tangible security cover	-
Rated wise distribution of rated loans	Not applicable
Number of instances (transactions) where transferred as agreed to replace the transferred loans	-
Number of transferred loans replaced	-

(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.

11. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.
12. The unaudited financial results for quarter ended June 30, 2024 were reviewed by the preceding auditor Deloitte Haskins & Sells, Chartered Accountants and they have expressed an unmodified conclusion via report dated August 06, 2024 thereupon.
13. The review of unaudited financial results for the quarter ended March 31, 2025 and audit of the financial results for the year ended March 31, 2025 were conducted by the preceding auditor Deloitte Haskins & Sells, Chartered Accountants and they have expressed a modified opinion and conclusion via report dated May 23, 2025 thereupon.
14. The figures for the quarter ending as on March 31, 2025 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2025 and the unaudited published year-to-date figures up to December 31, 2024, being the date at the end of the third quarter of the financial year which were subjected to limited review.
15. The above financial results are available on the stock exchange website's i.e., National Stock Exchange (www.nseindia.com) and BSE Limited (www.bseindia.com) and can be accessed on the website of the Company (www.fusionfin.com).

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



Devesh Sachdev
Managing Director

Place: Gurugram

Date: August 08, 2025

