

## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF FUSION MICRO FINANCE LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of Fusion Micro Finance Limited ("the Company") for the quarter ended June 30, 2022 ("the Statement"), being submitted by the Company pursuant to requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement..



5. The Statement includes comparative figures of the Company for the quarter ended June 30, 2021 and for the quarter and year ended March 31, 2022 which have been audited by the predecessor auditors vide their reports dated October 27, 2021 and May 6, 2022 respectively in which the predecessor auditor has expressed unmodified opinions.

Our conclusion is not modified in respect of this matter.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 01525N)



*Jitendra Agarwal*

**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 22087104AOXQOK7168)

Place: Gurugram  
Date: August 12, 2022

**Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)**  
**CIN: U65100DL1994PLC061287**  
**Registered office address : H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028**  
**Statement of Unaudited Financial results for the quarter ended June 30, 2022**

(Rs in millions unless otherwise stated)

Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	Unaudited	Audited	Audited	Audited
<b>Revenue from operations</b>				
Interest income	3,293.61	3,071.87	2,499.74	10,643.19
Fees and commission income	10.73	6.08	1.00	13.86
Net gain on fair value changes	47.00	46.42	94.68	247.65
Net gain on derecognition of financial instruments under amortised cost category	75.86	380.36	-	607.95
<b>Total revenue from operations</b>	<b>3,427.20</b>	<b>3,584.73</b>	<b>2,595.42</b>	<b>11,512.65</b>
Other income	177.27	220.82	59.54	500.84
<b>Total income</b>	<b>3,604.47</b>	<b>3,725.55</b>	<b>2,654.96</b>	<b>12,013.49</b>
<b>Expenses</b>				
Finance costs	1,431.89	1,365.54	1,239.57	4,959.64
Impairment on financial instruments	200.64	1,340.02	691.76	3,686.93
Employee benefit expense	722.32	644.39	513.66	2,330.66
Depreciation and amortization expense	14.75	17.09	10.16	53.71
Others expenses	233.58	202.16	145.60	738.29
<b>Total expenses</b>	<b>2,603.18</b>	<b>3,569.20</b>	<b>2,600.75</b>	<b>11,769.23</b>
<b>Profit before tax</b>	<b>1,001.29</b>	<b>156.35</b>	<b>54.21</b>	<b>244.26</b>
<b>Tax expense/(credit):</b>				
Current tax	28.55	(10.45)	142.94	129.77
Deferred tax	221.72	34.85	(132.84)	(103.06)
<b>Income tax expense</b>	<b>250.27</b>	<b>24.40</b>	<b>10.10</b>	<b>26.71</b>
<b>Profit after tax for the period/year</b>	<b>751.02</b>	<b>131.95</b>	<b>44.11</b>	<b>217.55</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement gains on defined benefit plans	5.67	0.22	(3.84)	2.96
Income tax effect	(1.43)	(0.05)	0.97	(0.74)
<b>Total other comprehensive income</b>	<b>4.24</b>	<b>0.17</b>	<b>(2.87)</b>	<b>2.22</b>
<b>Total comprehensive income for the period/year</b>	<b>755.26</b>	<b>132.12</b>	<b>41.24</b>	<b>219.77</b>
<b>Earnings per share (equity share, par value of Rs. 10 each)</b>				
Computed on the basis of total profit for period/year				
<b>Basic earnings per share (BEPS) #</b>	<b>9.07</b>	<b>1.59</b>	<b>0.56</b>	<b>2.67</b>
<b>Diluted earnings per share (DEPS) #</b>	<b>8.98</b>	<b>1.58</b>	<b>0.55</b>	<b>2.64</b>

#BEPS and DEPS for the quarter ended June 30, 2022, March 31, 2022 and June 30, 2021 are not annualised

Place: Gurugram  
Date: August 12, 2022



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

Devesh Sachdev  
Managing Director and CEO



**Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)**  
**(CIN: U65100DL1994PLC061287)**  
**Registered office address: H-1, Block C, Community Centre, Naraina Vihar, New Delhi-110028**  
**Financial results for the quarter ended June 30, 2022**

1. The financial results have been reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors of Fusion Micro Finance Limited ("the Company") in their respective meeting held on August 12, 2022. The Company has prepared these financial results in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations, 2015") and the accounting standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and relevant provisions of the Companies Act, 2013, as applicable. The results for the quarter ended June 30, 2022 are reviewed 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 single geographic segment i.e., domestic.
3. The Company, during the quarter ended June 30, 2022, has issued 24,095 number of equity shares respectively, each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
4. India is emerging from COVID-19, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

For the quarter ended June 30, 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 of loans. These estimates, including the impairment loss allowance of Rs. 2,442.74 Mn as at June 30, 2022 on its loan portfolio is subject to uncertainty on account of factors explained above and the actual results may differ.

5. As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on June 30, 2022, all Secured Non - Convertible debt securities {Secured Non- Convertible Debenture ("the NCD")} of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on the NCD. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of these NCD's at all times.
6. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact on the period the Code becomes effective.
7. Details of loans transferred/acquired during the quarter ended June 30, 2022, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

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

(Rs in millions unless otherwise stated)

Particulars	Transferred (MFI loans)	Acquired
Aggregate amount of loans transferred/acquired	1,086.54	-
Weighted average in maturity ( in months)	15.03	-
Weighted average holding period (in months)	9.76	-
Retention of beneficial economic interest by the originator	10.00%	-
Tangible security cover	111.11%	-
Rated wise distribution of rated loans	Not applicable	-

- (ii) The Company has not transferred any non-performing assets (NPAs).
- (iii) The Company has not acquired any loans through assignment.
- (iv) The Company has not acquired any stressed loan.



8. The Audited results for year and quarter ended March 31, 2022 and quarter ended June 30, 2021, were audited by the preceding auditor S.R. Batliboi & Associates LLP, Chartered Accountants.
9. Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2022, is attached as Annexure 1.
10. Previous periods/year figures have been regrouped / rearranged wherever necessary to conform with current period's classification.
11. The above financial results are available on the stock exchange website ([www.bseindia.com](http://www.bseindia.com)) and the website of the Company ([www.fusionmicrofinance.com](http://www.fusionmicrofinance.com)).

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



*(Handwritten Signature)*  
Devesh Sachdev  
Managing Director & CEO

Place: Gurugram  
Date: August 12, 2022



## Annexure I

## Disclosures as per Regulation 52(4) of the SEBI (Listing Obligations &amp; Disclosure Requirements) Regulations, 2015

(Rs in millions unless otherwise stated)

Particulars	Quarter ended
	June 30, 2022
(i) Debt-equity ratio (Times) *	4.24
(ii) Net worth **	14,164.66
(iii) Net profit after tax	751.02
(iv) Earnings per share (EPS) (Face Value of 10/- each):	
(a) Basic EPS before & after extraordinary items (net of tax expense)	9.07
(b) Diluted EPS before & after extraordinary items (net of tax expense)	8.98
(v) Total debts to total assets #	0.79
(vi) Net profit margin (%) ##	20.84%
(vii) Outstanding Redeemable Preference Shares	-
(viii) Capital Redemption Reserve	Not applicable
(ix) Debenture Redemption Reserve	Not applicable
(x) Sector specific equivalent ratio include following:	
(a) Gross Stage III (%) :@	3.69%
(b) Net Stage III (%) :@@	1.40%
(c) Provision coverage :&	62.91%
(d) Capital risk adequacy ratio (CRAR) %-Total	21.13%

## Notes:

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

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

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

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

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

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

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

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

