

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fusion Micro Finance Limited Report on the Audit of the Special Purpose Interim Ind AS Financial Statements

1. Opinion

We have audited the accompanying special purpose interim Ind AS financial statements (the "Special Purpose Interim Financial Statements") of Fusion Micro Finance Limited (the "Company"), which comprise the Balance Sheet as at 30 June, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the three month period then ended, and 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 Special Purpose Interim Financial Statements is prepared, in all material respects, in accordance with the basis set out in note 1A to the Special Purpose Interim Ind AS Financial Statements.

2. Basis for Opinion

We conducted our audit of the Special Purpose Interim Financial Statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Interim Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Interim Ind AS Financial Statements.

3. Emphasis of Matter- Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1A to the Special Purpose Interim Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Interim Financial Statements have been prepared by the Company for the purpose of preparation of the restated financial information as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time ("ICDR Regulations") in relation to the proposed initial public offering of the Company. As a result, the Special Purpose Interim Financial Statements may not be suitable for any another purpose. The Special Purpose Interim Financial Statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing. Our report is intended solely for the purpose of preparation of the restated financial information and is not to be used, referred to or distributed for any other purpose without our prior written consent. Our opinion is not modified in respect of this matter.



4. Responsibilities of Management and Those Charged with Governance for the Special Purpose Interim Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Special Purpose Interim Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the basis stated in Note 1A to the Special Purpose Interim Financial Statements for the purpose set out in paragraph 3 above.

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 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 Special Purpose Interim Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Interim 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.

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

5. Auditor's Responsibilities for the Audit of the Special Purpose Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Interim 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 Special Purpose Interim 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 Special Purpose Interim 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Special Purpose Interim 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 Special Purpose Interim Financial Statements, including the disclosures, and whether the Special Purpose Interim Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Interim Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Interim Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Interim Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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.



Deloitte Haskins & Sells

Other Matter

The comparative financial information of the Company as at March 31, 2022 and for the three month period ended June 30, 2021 included in these financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated September 30, 2022 and May 6, 2022 expressed an unmodified opinion.

Our opinion on the financial statements is not modified in respect of this above matter on the comparative financial information.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.015125N)



Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 22087104AYFPDW7211)

Place: Gurugram
Date : October 3, 2022

