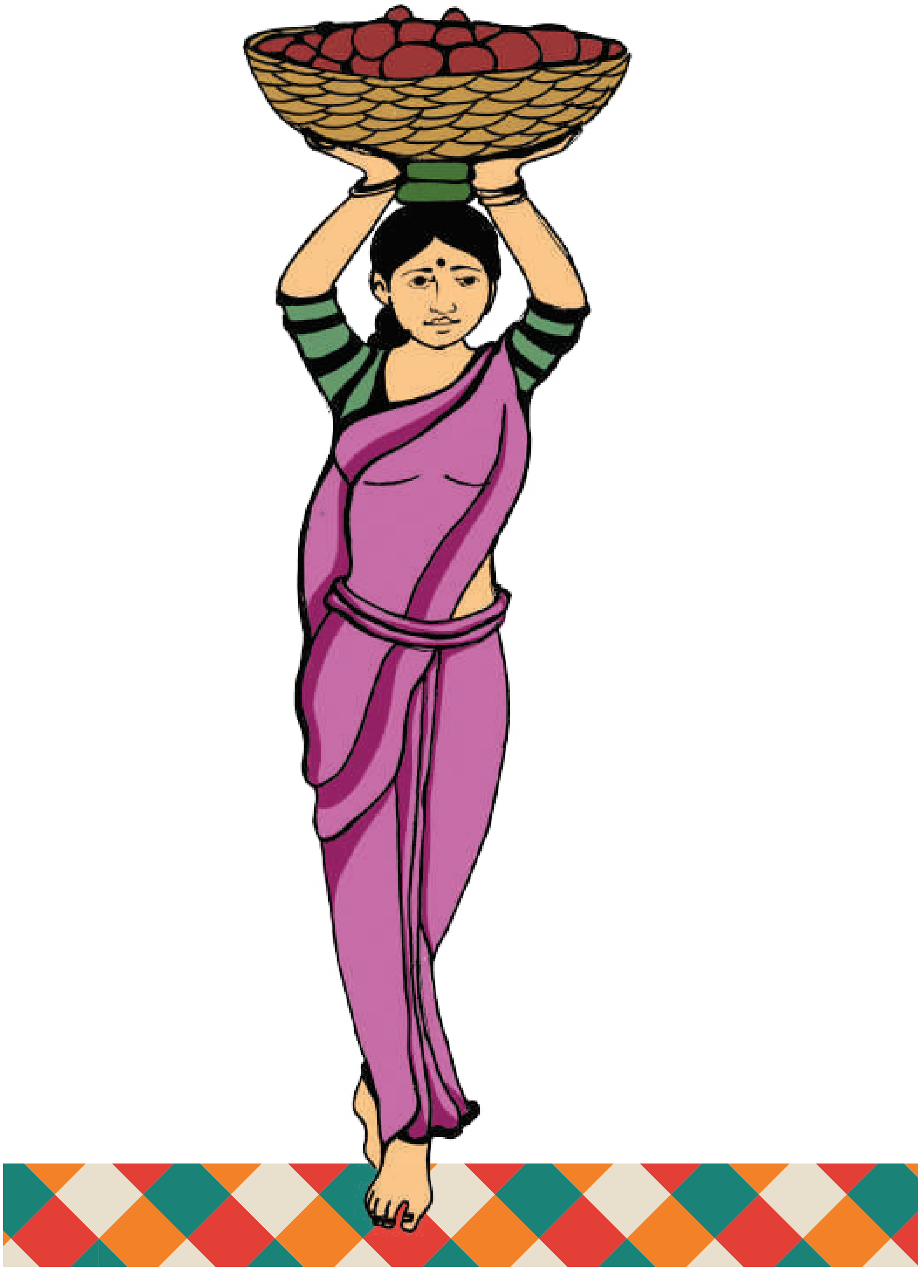
Fusion Microfinance

Next is Now

Annual Report 2020

Fusion Microfinance is a registered NBFC–MFI, which operates in a Joint Liability Group lending model. It provides financial services to underserved women in rural and semi- urban areas in India.

Between the covers



Our last 10 years have brought a smile on the faces of 1,856,372 women.

We helped her script her story. We stood by her as she breathed life into her dreams. We held her hand so that she could hold her head high.

Our last 10 years have laid the foundation for our future.

We extended our presence from one state to 18 states including 2 Union Territories. We built our team from 32 (June 2010) members to 5,270 (June 2020) members. We created a network of 591 branches.

But that was then ....

Tomorrow...
......is about going beyond the laurels of yesterday.

It...
...only focuses on the Next.

And, the next is happening now at Fusion.

We're creating the tools for tomorrow.
Tools that will make us smarter, nimbler and faster.
Tools that will enable us to engage more efficiently.
Tools that will help HER
Dream more, Do more, and Get More.

From the MD & CEO's desk

Devesh Sachdev
MD & CEO

> Featuring in the 'Great Place to Work - 2020' list is a just reward for our sustained people-centric efforts. All of us at Fusion have worked diligently & passionately to deserve a place amongst those truly Inspirational companies on that coveted list ...but to make it on our debut was surreal to say the least.

Dear Shareholders,

The year 2019-20 was a milestone period as Fusion turned 10! And to say that each of those 10 years was a challenging and learning phase, an evolving and inspirational growth phase-would be an apt summarisation of our journey. Each and every member of the Fusion family stands wiser and richer with this experience and eagerly looking forward to the next 10-which, I am very certain, will be the crowning glory decade for Fusion Microfinance in the BFSI sector In India.

When we started our journey, there were primarily three goals that were driving us: A) To reach out to the unserved and underserved sections of our population; B) To be known as a responsible lender; C) To be the 'Employer of Choice' in the BFSI sector In India. Today, when we stand at the cusp of Fusion's next decade, we take a lot of heart from the fact that we together built a company that has secured a 'meritorious place of pride' in the sector :

- Fusion now serves 1.8 million active customers and, in turn, households across 18 states in India through a network of 591 branches, 5,490 people, a cumulative disbursement of ~ ₹10,000 crore and an active portfolio of ₹3,606.52 crore as of March 2020.

- Fusion's relentless focus on putting customer first and building complete transparency in dealings/offerings has been an integral part of our value system. The trust our external stakeholders/lenders repose on us is reflected in the over-50% repeat business volume generated on the average over the last few years.

- Fusion today is a collective reflection of its people.Our culture has been a true melting pot of the finest values that each employee contributes. Our growth story is a collection of individual success stories. 'Featuring in the 'Great Place to Work - 2020' list was a reward for our sustained people-centric efforts. This recognition is very special for it vindicates our sincere efforts over the last decade in nurturing talent and creating an enabling environment for our people to grow and excel. This has, in turn, helped Fusion to create significant value for all shareholders. All of us at Fusion have worked diligently and passionately to secure a place among those truly inspirational companies on that coveted list .But to make It on our debut was surreal, to say the least.

Fusion @ 10 has entered a 'new world order'. A world where distances and time are being crushed by video and speed, money will still drive commerce but cash may travel more in binary numbers, classical model of lending will need to be delivered 'wrapped in a new cover of product offerings @ the doorstep', credit and commercial bureaus will be the backbone of decisioning algorithms and customer retention/wallet share will find its way into the micro financing playbook. Fusion @ 10 is calibrating to be the 'Touch and Tech' company of choice for the next decade.

The year 2020 has been a phase of utter crisis for the human race. The Coronavirus pandemic has brought about unprecedented hardship and scare to people's lives across the globe. Fusion has stood shoulder-to-shoulder with its employees and customers in tiding over the day-to-day challenges and has been at the forefront of a series of nationwide initiatives taken up by the BFSI sector. We have resolved to partner our customers through these tough times just as we supported them over the last few years of growth and prosperity. I am confident that our values, our robust processes and delivery systems and our people will help us overcome this crisis and emerge stronger.

We are, and will always remain, mindful of the privilege and responsibility we shoulder in financing dreams that mean so much to so many. So, while we work to deliver high-quality results year on year, we view our business through the lens of value we deliver to the people we serve and the environment we operate in.

Acknowledgement

I would like to express my sincere gratitude to my fellow Directors for their commitment and professionalism in paving Fusion's long-term path. My deep appreciation to all our loyal and valuable shareholders for their continued confidence and support. My thanks to our financial partners, who continue to partner us in our journey. To our management team and staff for their ongoing dedication in contributing to Fusion's growth.

Lastly, it is our collective duty to respectfully mention all those frontline workforce members in our country who have demonstrated incredible courage and dedication in fight against the dreaded Corona virus. All of us at Fusion salute these brave warriors.

Warm regards

Devesh Sachdev

Chief Executive Officer

Fusion @ 10 is calibrating to be the 'Touch and Tech' company of choice for the next decade.

2019-20: Financial highlights

730.31
Revenue from Operations
(₹ crore)

70.12
Profit after Tax
(₹ crore)

3,572.85
Disbursements
(₹ crore)

3,606.52
Assets under Management
(₹ crore)

4,239.99
Balance Sheet Size
(₹ crore)

At Fusion

Next is Now.

There is no escaping the digital transformation.

It only needed a global pandemic for the world to accept what we always believed. Adopting this new normal is no more an option, it's a business mandate. At Fusion, we are already a few steps ahead of the curve.

We are digital.

We complemented our high performance culture with contemporary technology to accelerate our speed and enhance our efficiency.

- We have developed the Mobile Phone as an 'Operative Device' for sourcing, approving, processing, disbursing and collecting .....creating a leaner work flow architecture.
- We have automated our customer facing processes including new customer acquisition and disbursement and management of our existing portfolio.
- We have automated our document management system.

We are interweaving technology-based checks and balances in our proven processes to improve asset and business quality.

- We have established real time system integration with external agencies /bureaus for accurate updated inputs for Business Potential Mapping and decision making.
- We have created system that allow us to review customer coverage criteria given the diversity of demographics and potential density across the country.
- We have facilitated online data capturing, bureau, bank and KYC validation to optimize upstream filters.

In doing so, our performance has moved a few notches higher.

- Our loan application processing through our Mobility Platform increased from 15% as on March 31, 2019 to 100% as on March 31, 2020 even as we added 22.87% more customers in this period. This platform will emerge as the pivot of our aspiration - to expand our reach effectively while remaining nimble.
- The share of our cashless disbursements increased from 48.12% of the total pie on March 31, 2019 to 59.26% a year later, even when the total pay out widened by 11.4%.
- Our asset quality has improved over the previous year – Gross NPA's stood at 1.12% as on March 31, 2020 against 1.55% on March 31, 2019.

Going forward, we will only strengthen our digital transformation drive.

- We are developing technology solutions which will make us proactive as opposed to being reactive to opportunities and adversities.
- We will leverage robotics for process automation of manual and repetitive jobs.
- We plan to utilise Machine Learning as a tool to build prediction models.
- We are leveraging system intelligence tools to provide early delinquency signal.

This is Fusion

Making Differences

For women of rural India


Changing lives
For families in rural India


Driving Growth
For the Indian economy

Fusion is in the business of making hopes real. The Company we've built, helps underprivileged and disadvantaged women in rural areas to live their lives with respect.

By infusing life into their

DRE


AMS
And making them come true.

A top view

Fusion features amongst the top 10 pure play microfinance companies in India.

3,606.52

Assets under Management (₹ crore)

730.31

Revenue from Operations (₹ crore)

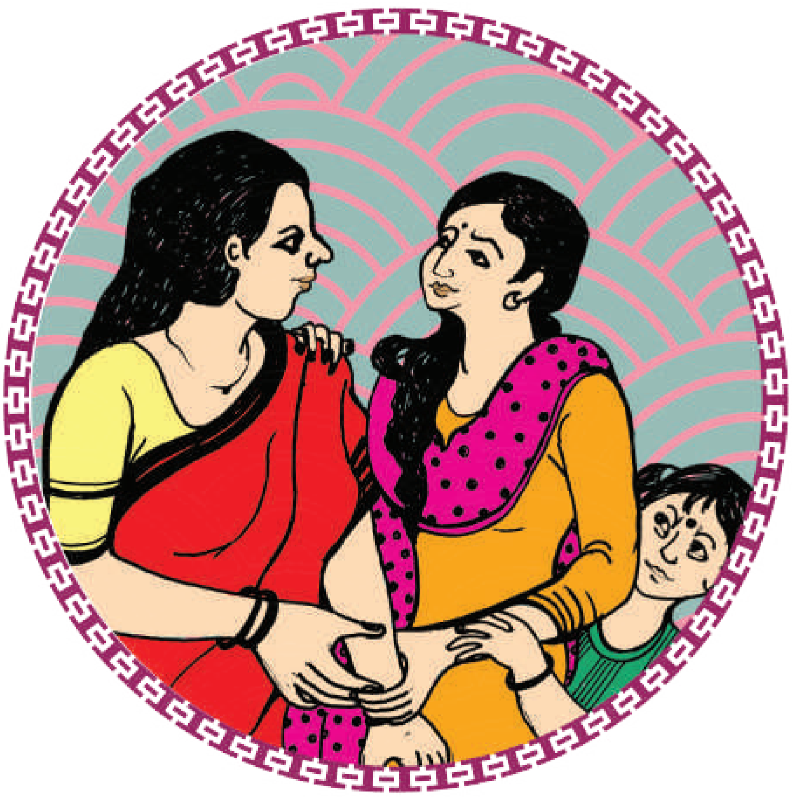
Region-wise break up

41%
North

40%
East

5%
South

14%
West



Business philosophy

A registered NBFC–MFI which operates in a Joint Liability Group lending model.

It focuses on providing not only financial services but even financial literacy to underserved women living in rural and semi-urban India.

Operational bandwidth

283
Districts

18
States & Union Territories

591
Branches

1,856,372
Customers

Our Key Milestones

2014

- 'Best MFI of the year 2014 Award' by ACCESS
- 83% Code of Conduct Assessment (COCA) Rating
- Endorser of SMART CAMPAIGN
- Listed among 25 leading "Microfinance Institutions" in India (as per CRISIL)

2015

- Social Rating by M CRIL
- Social Rating of Σβ+ Rating Outlook Positive

2016

- Devesh Sachdev elected as Board Member of Industry Association
- SMART CAMPAIGN Client Protection Certification
- S.T.A.R MFI Recognition by MIX
- SKOCH Order-of-Merit Award
- Received the Super Achiever's Award by STAR Group, India

2017

- Listed in Ten Most Valuable Non-Banking Financial Companies by Insights Success
- Business World Digital India Summit Award' for best Usage of ICT in Rural Development by Shri Ravi Shankar Prasad
- 92% Code of Conduct Assessment (COCA) Rating
- Recognized at 15th Asian Network of Quality Congress
- Fusion welcomes the Queen of the Belgians

2018

- Devesh Sachdev awarded the 'Certificate of Appreciation - 50 Fastest Growing CEOs of India' by 'The CEO Magazine'
- Awarded the 'Best NBFC - MFI for Customer Literacy & Capacity Building' by MFIN
- Fusion receives 'Champions of Rural Markets 2018' Award by the Hon'ble Minister of State, Shri S.P Velumani at 'The Economic Times Rural Strategy Summit'
- Winner of 'PMI Project of the Year Award' by Project Management Institute of India
- Fusion Microfinance Case Study published by LMA for faculty of Top Business Schools (IIMs)
- Warbug Pincus made an investment of $72 million in Fusion – its first investment in microfinance globally

2019-2020

- Certified by Great Place to Work with 66^{th} ranking in the top 100 Companies featuring in the list of 'Great Place to Work' India 2020
- 'Best Workplace in MFI' 2020 by Great Places to Work Institute and The Economic Times
- Fusion Microfinance featured at 29^{th} spot in the top 150 companies of India in the inaugural rankings of India's Growth Champions 2020 published by Statista and The Economic Times"
- Fusion Microfinance featured in the top 150 companies list of the Financial Times APAC High-Growth Companies 2020
- Featured in the Best BFSI Brands from Hon'ble Minister of State, Shri T Rameshwar Teli in India UAE Strategic Conclave Dubai 2019
- Awarded in 2019 the "Dream Company to Work for" in MFI Category by ABP News

We featured in the top 150 companies of India at 29th spot in the inaugural rankings of India's Growth Champions 2020 published by Statista and The Economic Times.

We were recognised in 2019 as the "Dream Company to Work for" in the MFI Category by ABP News.

We featured on the ‘Great Places to Work’ list of Top 100 companies in first year of participation.

This is an important achievement because only 40% of the applicants make it to this list.

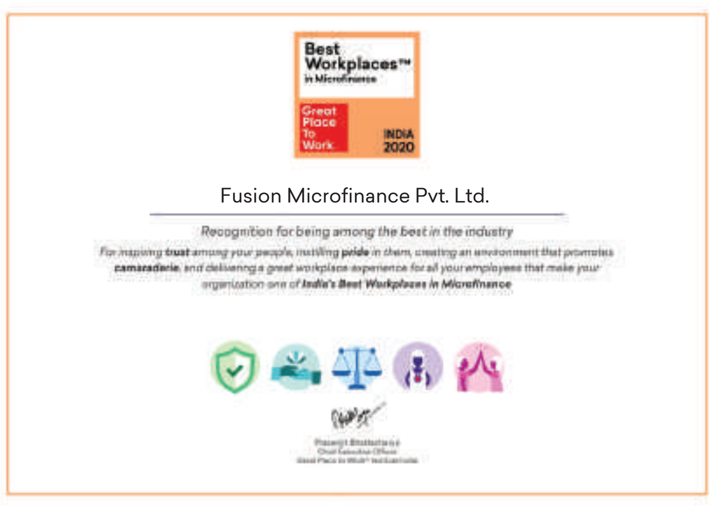
Moreover, for most of the successful names it would be their second or third attempt. **For Fusion Microfinance, it was different, as the certification was received in its very first attempt.**

This is extremely heartening because it vindicates the Company’s people-centric, policies and processes. It adds an important watermark to its thought – treat your employees well and they will take care of your customers.

What makes this recognition very special for us is that it coincides with the Company’s 10-year celebrations.

92/100

Trust Index secured by Fusion in the assessment which was the highest in the microfinance industry.



Quarterly Progress

A solid performance

H1

481,718
Customer addition (net)

CUSTOMERS AS ON

September 30, 2018
1,219,972

September 30, 2019
1,701,690

37.97%
Growth in lending

DISBURSEMENTS AS ON

H1/2018-19 (₹ crore)
1,199.48

H1/2019-20 (₹ crore)
1,654.95

68.98%
Growth in Revenue

TOPLINE

H1/2018-19 (₹ crore)
203.59

H1-2019-20 (₹ crore)
344.02

91.41%
Growth in Net Profit

BOTTOMLINE

H1/2018-19 (₹ crore)
24.78

H1/2019-20 (₹ crore)
47.43

- Bank loan rating upgraded to A- (Stable) by CRISIL.
- Received 94% score in Code of Conduct Assessment done by M-CRIL.
- Launched Hospicash, a health insurance product where the customer is covered for hospitalisation expenses. The policy also covers the customer against death due to accident.
- Received 'CSR Leadership Award' by UBS Forums at CSR Summit & Awards 2019.
- 'Empowering Rural Women with Digital Cashless Culture', cover story got featured in Manage India publication of PMI India, acclaimed by the Project Management Community across the country.

H2

345,549

Customer addition (net)

CUSTOMERS AS ON

March 31, 2019
1,510,823

March 31, 2020
1,856,372

21.18%

Growth in lending

DISBURSEMENTS AS ON

H2/2018-19 (₹ crore)
1,582.64

H2/2019-20 (₹ crore)
1,917.90

31.63%

Growth in Revenue

TOPLINE

H2/2018-19 (₹ crore)
293.46

H2/2019-20 (₹ crore)
386.29

(12.87)%

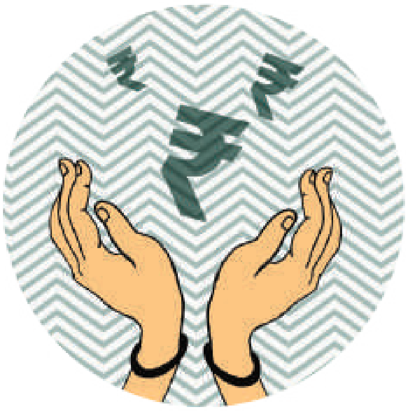
Growth in Net Profit

BOTTOMLINE

H2/2018-19 (₹ crore)
26.04

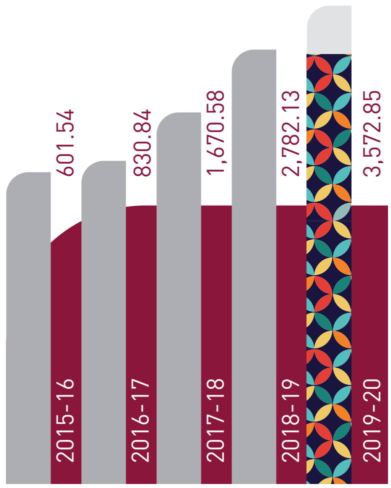
H2/2019-20 (₹ crore)
22.68

- ₹ 500 crore raised from our existing investors Warburg Pincus and Creation Investments.
- Received the Best BFSI Brand Award from Mr. Rameswar Teli (Minister of State for Food Processing Industries) at the India UAE Strategic Conclave 2019.
- Received Dream Company to Work Award in the MFI category from ABP News at the BFSI Conclave, Mumbai 2019.



Our Progress

Our platform for moving to the … Next!



Disbursement (₹ crore)

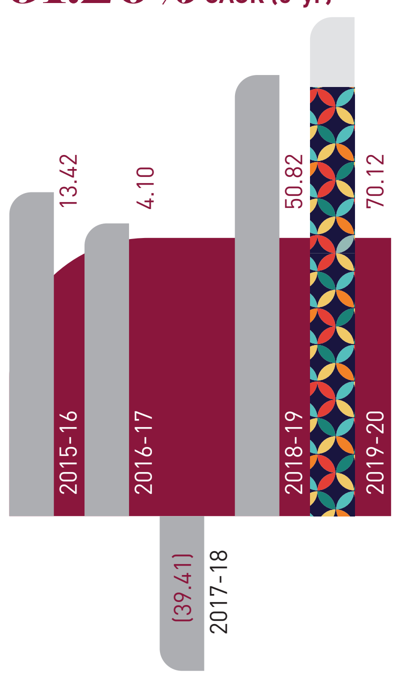
28.42% y-o-y growth

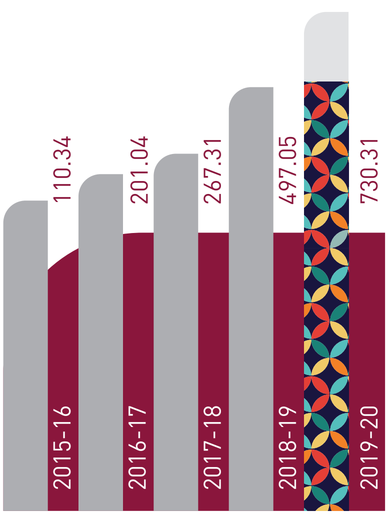
56.11% CAGR (5-yr)

Net Profit(₹ crore)

37.98% y-o-y growth

51.20% CAGR (5-yr)

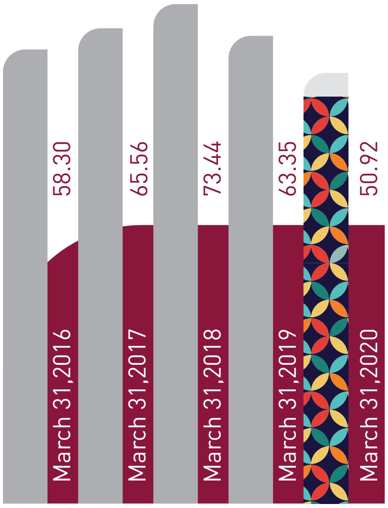




Total Income (₹ crore)

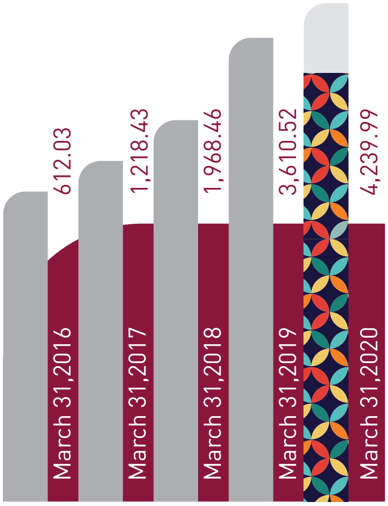
46.93% y-o-y growth

60.39% CAGR (5-yr)



Cost-Income Ratio (%)

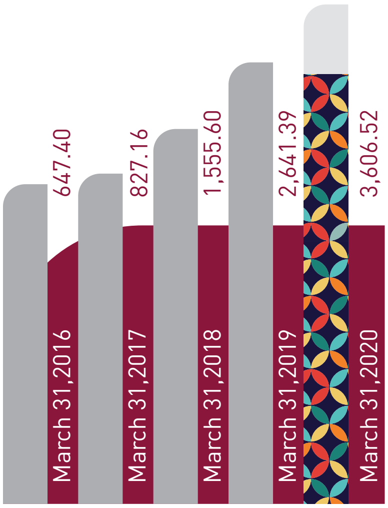
19.62% **y-o-y decrease**



Total assets (₹ crore)

17.43% **y-o-y growth**

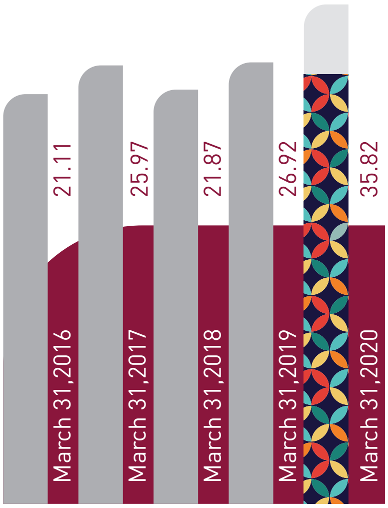
62.24% **CAGR (5-yr)**



Assets under Management (₹ crore)

36.54% **y-o-y growth**

53.63% **CAGR (5-yr)**



Capital Adequacy Ratio (%)

33.03% **y-o-y increase**

A 15-minute discussion with the Leadership Team on business operations

"Fiscal 2019-20 was an important milestone in the journey of the Company."

Would you say that Fiscal 2019-20 was a tough year for you?

Every new year brings with it a host of opportunities and some foreseeable challenges which all successful companies bake into their business strategy and operating plan. The year 2019-20 was no different from this standpoint. The year did bring with it some unforeseen challenges like the Cyclone in Odisha, the Citizenship Amendment Bill issue in a few states but more prominently in one, and a shakeout in a certain section of the NBFCs universe that led to some fragilities. As a result, the investor/ lender confidence towards the NBFC sector ebbed. This impacted a few players.

Fortunately, for Fusion, our relevant business strategies, efficient treasury management operations and execution rigor helped not only insulate us to a large extent from these impacts but also drove us to our targeted numbers. This made the fiscal 2019-20 another good year for us.

What was the standout feature for 2019-20?

Featuring in the Great Place to Work -2020 list was definitely a standout moment for all of us as it was a true testimony of our sustained and sincere efforts over the last few years in building Fusion as an "Employer of Choice".

In the last interaction, you had indicated a 'To-Do' blueprint for 2019-20. Where do you stand on that blueprint?

We made considerable headway on most of the points articulated in our previous interaction making the organization calibrated to grow in a responsible and sustainable manner in the 2020-21.

How did you enhance the operating effectiveness and efficiency at Fusion?

Being better is a not a one-off item on the Fusion to-do list. It's a concerted effort of every individual that enters the Fusion establishment, every day. But our business dynamics have changed owing to the growing scale and rapid change in our business ecosystem and our operating environment. Hence, the Re-engineering Lean Value Stream Mapping programme became a strategic imperative.

We undertook a wing-to-wing review of all the existing processes and policies - right from the Business Potential Mapping stage to disbursement stage – with an aim to emerge as the 'Touch and Tech' lender of choice. With this goal in mind, we altered our business processes to:

- Improve productivity and optimise the organisation's cost structure
- Automate our processes to be nimble, widen our reach and effectiveness
- Become proactive rather than being reactive for altering the dynamics in our business space
- Ring fence risks with robust checks and balances mechanism
- Go lean for better efficiency and greater customer satisfaction

What are the visible green shoots of this Value Re-engineering?

Our customer-interfacing processes and our internal processes are digital; we have become more agile and efficient; our workforce has become far more disciplined and productive.

From a strategic standpoint, we now have access to large data. Our analysis of our assets (portfolio and customer base) has become far more incisive. This has made our decision-making faster, more data-driven and hence more accurate. Our proactive and course-corrective measures are faster now. This has made the entire organisation alive and agile. It's a new Fusion.

With speed, how are you managing the checks and balances?

It is a well-known concept that speed and accuracy can only be successful if the platform they run on has strong braking/control mechanisms, has a well-developed early warning / navigation system that clearly defines operating areas and strike zones. To keep pace with our growth momentum, we have leveraged cutting-edge technology to strengthen our internal audit processes. While audit is largely a reactive process, we have incorporated the learnings of our earlier audits to build a robust platform that provides alerts proactively when processes could be compromised. In addition to our institutionalised internal audit infrastructure and team, we have created a corporate audit team comprising experts in the field to audit every business function at least once in a year.

Hence, even as we spread wider and grow bigger, we are trying to ensure that we remain a truly ethical, honest and transparent organisation, strong building blocks to create the essential trust among all the stakeholders who associate with us.

Technology- driven systems do impact people motivation. They generally feel stifled. In your case, how are you motivating people?

Our People deserve all the credit for the success of the company . The way each one has contributed to create one of the most admired company in the BFSI sector is truly inspirational.

Fusion's mission to be a 'Touch and Tech' company of choice not only addresses its customers alone but first and foremost its own employees. We have, over the last few years led sustainable and sincere initiatives in ensuring growth and development for each of our employees . Fusion's work culture is what motivates each of us to come to work everyday with the same zeal to serve our customers. Technology at Fusion is being used today to deliver the finest L&D content to its employees on their mobiles, connecting them real time to all latest developments /changes, making HR policies and entitlements available to them at the press of a button.

Featuring in the 'Great Place to Work 2020' list is a true vote of confidence given by each employee for their organization .....and we received ours In our debut year!!

You have spread across the entire Indian landmass. How are you bonding the team into a cohesive force?

We may be a multi-locational team but we are driven by a single goal, which is our key binding force. Every individual at Fusion is working towards this single objective.

Talking of bonds, it's a continuous process at Fusion, across various levels. The year 2019-20 was special in this regard. We launched a programme called, Fusion Family Enjoys Joy, where we celebrated achievements – small and big, of individuals and teams – across our branches. Achievers were rewarded for their initiative and efforts by the senior leadership. It culminated into the annual day celebration, which was a grand event with participation from all team members. Our bonding initiative worked wonders. On one hand, it gave fun and satisfaction of being recognised, while on the other, it inspired to push the envelope a little further.

In an otherwise parched external environment, how did you manage to remain liquid?

The ethical and honest fabric of our business model continues to inspire the financial investor community in partnering with Fusion. Our existing financial partners Warbug Pincus and Creation Investment invested ₹500 crore in the Company. It showcases their conviction in the management and the business model. This funding helped us reach our projection before time.

From a debt perspective, we onboarded a number of PSU banks to diversify our lending profile, thereby de-risking the organisation from an over dependence on any single fund-source category. In addition, we entered into a Direct Assignment Transaction and Securitisation deal which brought home more than ₹500 crore into the organisation.

The strength of our financial statement helped us secure superior ratings from the credit rating agencies – CRISIL, CARE and ICRA reaffirmed their A- (stable outlook) rating, which helped in securing better deals from funding agencies. This will help in sustaining business profitability going forward.

How did you strengthen Fusion's customer connect?

The core of our business is about maintaining a close connect with our customers. We diligently ensure that all hierarchies across the organisation meet customers at regular intervals.. This serves as a foundation for future improvements in business systems and processes.

This year was important. While we upped our commitment to digital transformation, we also sharpened our focus on educating our customers on the benefits and challenges of the digital world and its do's and don'ts. This was necessary because we realised that the digital world, which has become a mandate for business today, will become an imperative for the rural masses tomorrow.

What is the single message you would like to leave with the reader?

Our team at Fusion is "Ready for Tomorrow". Fusion is 10 and just begun !! The next 10 years will belong to us.

7 days

Turnaround time (TAT) between CGT and disbursement as on March 2020

270

Funds secured (₹ crore) in the first two months of 2020-21 despite the nation wide lockdown.

Our Touch and Tech endeavours

The information technology blueprint at Fusion Microfinance aims at providing the right solutions that help transcend Fusion to the next level. In line with its business objectives, the Company has drafted an IT strategy with clear targets for the next 1-2 years.

The Company's primary focus is to provide the customer the best-in-class experience and simultaneously ensure the best resources, infrastructure and digital systems to improve productivity and scalability.

In line with its IT strategy, Fusion Microfinance is growing its technology and digital transformation initiatives and creating an ecosystem that delivers end-to-end experience to both external and internal stakeholders. Some of the focus areas are digital transformation, automation, artificial intelligence and data analytics.

The Company is on course to leverage next-generation technologies such as artificial intelligence, machine learning and automation through RPA to create forecasting models, rule engines and application score card for improving business strategies and decision-making.

Core Lending System

Fusion has created a Centralized Online Real-time Environment (CORE), which is a multi-product platform end-to-end solution offerings for both web and mobile platforms. It offers seamless integration of portfolio management, financial accounting, reporting and business intelligence.

mShakti (Mobility Solutions)

- Customer onboarding through digital platform
- System integration with Credit Bureaus (CRIF Highmark & Equifax)
- Geo tagging of center meeting Place/ customers' home location enabling optimization of field officer's bandwidth
- Real Time System integration with Banks for beneficiary validation enabling ECS

Credit Bureau

In 2019-20, we invested in licences with multiple credit bureaus. This investment gives us access to their data bases. This data repository provides rich insight into the performance of our asset portfolio in each district and each state against peers. It helps the Company understand delinquency and loan cycle patterns and gain an insight into every person's leverage position and repayment trends. It has become a comprehensive tool to review our portfolio in real time based on multiple parameters right from the state level narrowed down to an individual.

In addition to portfolio review, this initiative helps Fusion identify locations which show promise and those which pose risks. This forms the foundation to take knowledge-based decision on areas for business expansion and business closure.

Audit 360

As an integral part of our 'Going Digital' initiative , we are piloting a digital platform that will complement the current scope and span of our Audit framework . This will enable our Audit team to enlarge the scope of coverage while optimizing the bandwidth and building intelligence tools highlighting early warning flags in the portfolio. Once implemented completely in FY 20-21 , we are very certain that our probability of identifying 'focus areas' and ring fencing for impact will increase significantly . A unique feature of this initiative will be to digitize supporting documentation that will enable more constructive and real time reviews leading to quicker remedial action.

Data Analytics & Reporting

The role of data analytics and reporting is important and critical for all growing organisations. The focus of the Company is to set up a data analytics platform for designing and building real-time dashboards, business analytics and business score cards for proactive decision making and performance monitoring.

Cyber Security & IT Infrastructure

With rapid digitisation and growth in business volumes, cyber security becomes important and critical for the Company. It is focused on handling all risks linked to cyber security. It also lays emphasis on data security, information security, phishing, cyber-attacks and awareness initiatives at the employee and customer end. Regular awareness exercises on information security are conducted to ensure awareness levels.

The Company also invests in improving the IT infrastructure, ensuring seamless BCP plan, cloud adoption and work-from-home solutions.

Our Expanding Footprint

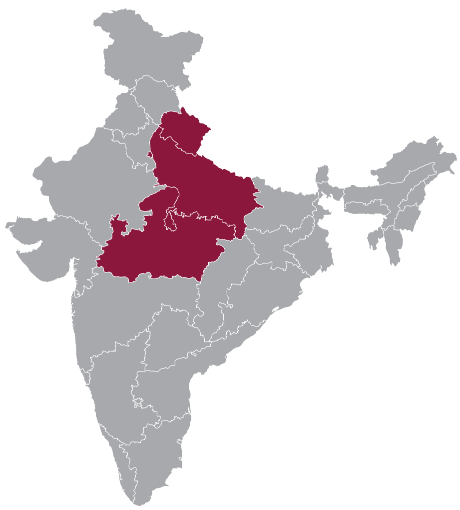
2009-10

Branches: 2

Customers: 619

AuM: ₹1.66 crore

Revenue: ₹0.10 crore



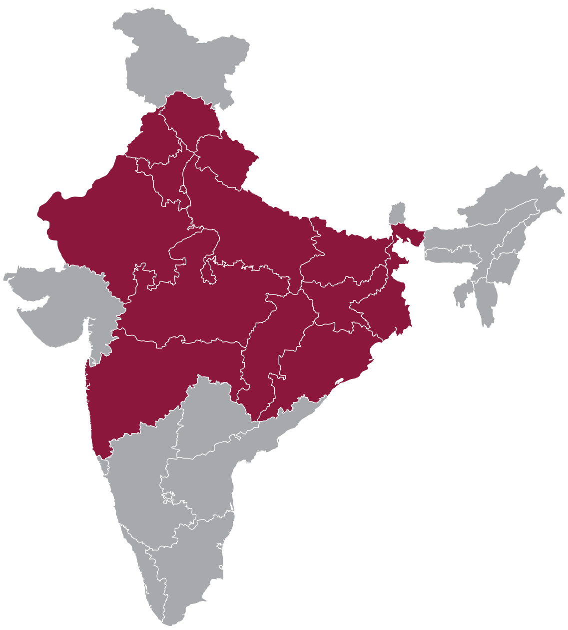
2013-14

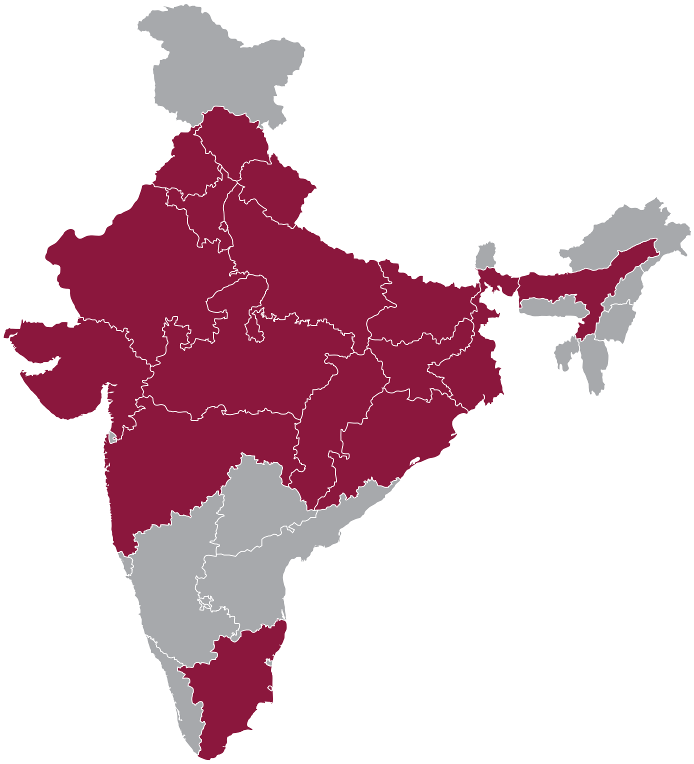
Branches: 42

Customers: 127,581

AuM: ₹137.79 crore

Revenue: ₹24.96 crore





2017-18

Branches: 359

Customers: 973,300

AuM:
₹1,555.60 crore

Revenue:
₹267.31 crore

2019-20

Branches: 591

Customers: 1,856,372

AuM:
₹3,606.52 crore

Revenue:
₹730.31 crore

Geography-wise Performance

Our presence in being a better citizen

Assam

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
5	20,065	45.12	21	39.64

Bihar

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
4	137,236	690.45	80	682.71

Chhattisgarh

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
7	13,515	59.16	22	59.12

Delhi

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
0	288	5.23	2	5.55

Gujarat

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
5	21,382	59.48	16	52.76

Haryana

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
3	38,232	241.96	29	272.92

Himachal Pradesh

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
0	1,771	11.01	2	10.77

Jharkhand

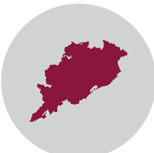
In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
3	38,615	165.11	28	161.08

Madhya Pradesh

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
5	60,800	359.77	78	360.42

Maharashtra

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
0	4,848	24.44	7	23.88



Odisha

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
11	101,471	497.32	84	493.73

Puducherry

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
0	2,169	6.70	1	7.74

Punjab

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
4	56,982	285.24	31	305.98

Rajasthan

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
7	32,414	162.96	37	154.32

Tamil Nadu

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
25	60,634	184.41	45	183.34

Uttar Pradesh

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
7	103,105	589.71	79	602.74

Uttarakhand

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
1	15,226	105.91	14	109.03

West Bengal

In 2019-20: New branches	In 2019-20: New customers	In 2019-20: Disbursement (₹ crore)	As on March 31, 2020: Branches	As on March 31, 2020: Loan outstanding (₹ crore)
1	19,789	78.87	15	71.42

Microfinance: A Critical Lifeline for Livelihood

In a sleepy village on the outskirts of the ancient city of Lucknow, Pratima Devi stands proudly under the neem tree that shades her home. Goats scour the ground around her mint-green food carts, searching for traces of the fried noodles and samosas she sells. "When we first moved to Khargram," Pratima, 47, recalls, "we wrapped saris around bamboo poles until we could afford to build walls." With one small loan after another, averaging ₹15,000 at a time, she gradually managed to replace her home's makeshift partitions with brick walls. She then bought the food carts, pots, and utensils to start the business that now supports her family.

Pratima Devi's story of using small loans to lift herself and her children out of poverty is one that could be told by millions of people across India. Lending to microfinance borrowers, mostly women in rural areas, has increased multi-fold over the last decade. With these funds, millions of marginalised families have started and expanded businesses, purchased essentials during emergencies, and supported their children's education.

Microfinance institutions are important for an economy like India's, where more than 80% of people work in the informal sector. Local money lenders/ banks aren't typically an option for these entrepreneurs because the fees, the hidden charges and the need for a collateral make it unviable to secure loans. In some cases, people lack the documents required to open an account, such as identification cards and proofs of income. Or they cannot read and write well enough to fill out the paperwork.

Microfinance in India is more than just an economic tool, often representing the empowerment of historically marginalised and financially dependent communities. The biggest target group involved in the world of microfinance is women in rural areas, who are otherwise oppressed. A staggering 99% of the beneficiaries of microfinance are women in India. This has helped bring financial inclusion to millions of rural families.

Microfinance in this regard has achieved something that several public and private agencies alike have been attempting for a number of years now – bringing women into the financial arena. Reports have suggested that India's economy has and would continue to benefit significantly from better inclusion, and many have been involved in promoting this scenario.

Global management consultancy Accenture, for instance, set up a learning centre for rural girls in 2016, equipped with modern educational facilities. In February 2019, Big Four accounting and advisory firm Deloitte launched the WorldClass programme, aimed at training as many as 10 million women in India over the next decade. Many similar initiatives have mushroomed across the Indian landmass, maybe on a smaller scale, platformed on the fundamental premise that microfinance would provide the necessary financial support to transform the training into economy-contributing activities.

The Microfinance Cycle

2019-20: In retrospect

(Source: MFIN)

As on March 31, 2020, the microfinance industry served 5.89 crore unique borrowers through 10.54 crore loan accounts. The industry has a total loan portfolio of ₹2,31,788 crore for loans originating after February 2017.

Banks held the largest share of portfolio in micro-credit with a total loan outstanding of ₹92,281 crore which is 39.8% of total micro-credit universe, followed by NBFC-MFIs which occupied the second spot with a loan amount outstanding of ₹73,792 crore accounting for 31.8% to total industry portfolio.

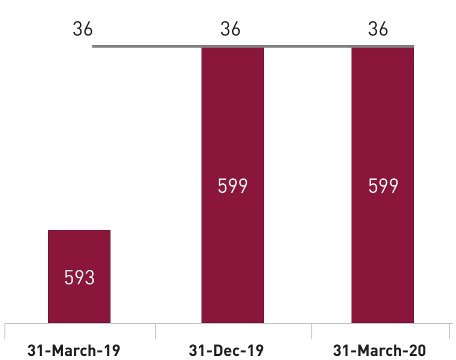
As on March 31, 2020, the aggregate GLP of MFIN Member NBFC-MFIs stood at ₹74,371 crore with a growth of 31% in comparison to March 31, 2019.The average ticket size of these NBFC-MFIs at ₹27,754 for 2019-20 is an increase of 6% over 2018-19. Majority of member MFIs (83%) have reported that more than 90% of their disbursements happened through the cashless mode.

In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC MFI portfolio, South 27%, North 13%, West 15% and Central contributed 11%.

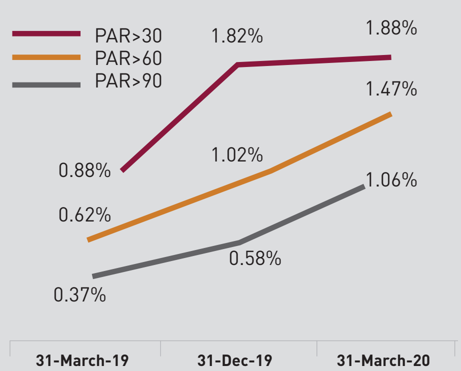
During 2019-20, MFIN member NBFC-MFIs received a total of ₹42,150 crore in debt funding from Banks and other Financial Institutions. This represents a growth of 33% over 2018-19, when they received ₹31,688 crore. In a difficult year, it was heartening that microfinance was able to get more liquidity from its lenders and, in turn, increase its outreach by adding new branches, hiring more staff, and thus reach more borrowers.

The Asset Liability Management (ALM) analysis shows that all NBFC-MFIs were well placed in terms of ALM across various buckets. It is evident from the ALM analysis that borrowings of MFIs are of longer terms while assets are of shorter term. As a result, they have a comfortable gap as on March 31, 2020 to manage their obligations for the current quarter (April–June 2020).

Presence of NBFC-MFIs across states/UTS & districts

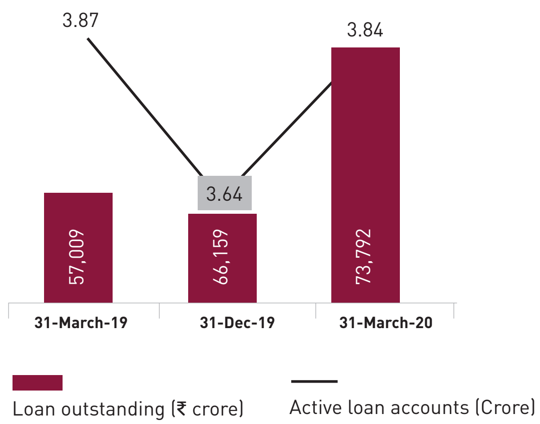


Portfolio quality of NBFC-MFIs

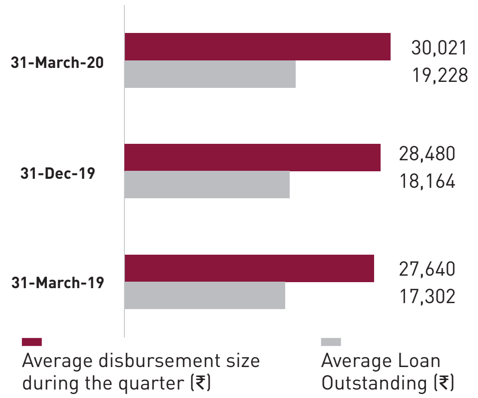


Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality

Loans accounts & amount outstanding



Average disbursement size & loan outstanding (₹)



Potential for growth

Despite the presence of multiple players in the microfinance landscape and mature models of microlending, with a significant portion of its population in the low-income band, India represents a huge opportunity for the microfinance sector. Though government schemes and established financial institutions have enhanced access to microcredit for nearly 67% of the Indian population living in rural areas, the significant geographic concentration of MFIs within a few districts of the country (34% of the districts with microfinance presence contribute 80% of the portfolio) indicates the potential for achieving higher microfinance penetration.

Potential universe for micro-credit lending total population

Total Population	Units	Overall India Assumptions	
Female between 19-59	mm	390	
Female between 19-59	mm	234	Assuming 60% of women can be financed
Average ticket size	₹	35.000	Assuming ATS of ₹35,000 which is about ₹32,000, expect increase in ticket size
Demand for micro credit	₹ bn	8,190	Potential demand is nearly 4 times today's outstanding (excl. SHG).

Source: Census-2011, Equirus Securities

Risk Management

Running the Business Safer

Effective risk management is of supreme importance for any business to thrive in a space mired in volatility, uncertainty, complexity and ambiguity. Fusion has achieved sustainable growth in such a challenging environment with its disciplined focus on operational excellence and risk management.

Our business strategy is framed to identify risks and possible challenges that may derail our journey to meet the goals. The Risk Management Committee at Fusion strikes a balance between managing risks and capitalising opportunities. Our response to identified risks includes acceptance, avoidance, transfer and mitigation.

Strategy 1: Sustain business growth

Where will the growth come from?	How to fund this growth?	How to manage this growth?
(1) New branches set up in existing states. (2) New states where we ventured in the last two years. (3) New states where we plan to enter in the coming years. In the last two years, Fusion set up 152 branches in existing markets and entered 4 new states. It plans to extend its footprint deeper into the underserved districts and villages in the states of its presence.	The credibility earned as an ethical, trustworthy and transparent organisation has drawn multiple lenders to fund its growth. The consistent rating upgrades have expanded Fusion's financial partners to include marquee banks (public and private) and financial institutions. The success is reflected in the fact that Fusion mopped up ₹5,057 crore in the last two years when the sector was plagued with unprecedented volatility.	A team of seasoned professionals, decentralisation of operations and robust IT-based processes helped disciplined management of growth. The Leadership Team has decentralised regular business operations to a strong middle management team and replaced manual processes with IT solutions that provides it with a bird's eye view of the business on a real-time basis; it also allows the Leadership Team the flexibility to course correct immediately when required.

28.42%

Growth in disbursements in 2019-20

Strategy 2: Sustain quality growth

Service is critical to quality growth...	Knowledge is essential for process adherence	Adequate checks-and-balances is essential for plugging the gaps
Speed in disbursement is essential for attracting customers. The Company's IT-based on-boarding solution and cashless disbursement practice have enhanced the speed of service and significantly improved the asset quality.	Rigorous training is fundamental to process adherence. The Company maintains an institutionalised training calendar for its entire operational team which comprises technical, regulatory and behavioral aspects. The training is imparted in local language for faster comprehension and implementation.	In this people-dominated business, timely checks-and-balances assist the person and the company to stay the course. Over the years, Fusion continued to strengthen its audit coverage to ensure that every material transaction and business initiative is thoroughly examined against the set SOPs to ensure that business growth does not compromise asset quality. The IT and audit teams have developed multiple solutions that instantly highlight and arrest deviations between on-ground processes and the defined SOPs. This ensures that the quality of service is maintained.

1.12%

Gross NPA as on March 31, 2020

Strategy 3: Improve profitable growth

Controlling cost of funds	Optimising operational costs	Checking provisioning & bad debt
Managing the coupon rate while securing funds is crucial. Continuous widening of the lender base and increasing diversification among the lender category enables Fusion to procure funds at better costs. Prudent cash and debtor management improve liquidity.	Reduction in variable and fixed cost is critical for business profitability. Increasing focus on digitising day-to-day business processes and decentralisation of regular business processes to low-cost locations has helped in optimising operational costs. Growing business volumes provide economies of scale and facilitate better absorption of fixed costs.	Superior collection efficiency reduces provisioning and bad debts. Focus on collections by the operational team, stringent monitoring of cash collection at the branch and head office and detailed analysis of all assets – individual customer and center-wise – minimises the incidence of provisioning and bad debts.

37.98%

Net Profit improvement over the previous year

Strategy 4: Uphold reputation

Earn the trust of customers and employees	Secure data to enhance the brand image	Take care of the community at large to earn respect
The Brand Fusion finds its biggest endorsement in the satisfaction of its customers and the success of its people. Fusion has, over the years, built the reputation of an honest business house with transparent terms and processes. It accurately and instantly communicates about regulatory changes with customers to safeguard their interests. Team Fusion has always stood by its customers at times of crisis. The Company has walked extra miles to help its customers whenever there was a natural calamity or a disaster. For employees, Fusion is a place that always encourages every individual to pursue his professional as well as personal goals. It believes in development of its human capital so that a smarter workforce can create a smarter organisation. The Company hosts rigorous training sessions on various business processes and technology platforms to upskill its employees, while various seminars and workshops help improve their behavioural patterns for all-round personality development.	As a proactive organisation, Fusion has invested in the requisite solutions for securing its systems, architecture and data from external threats. It has institutionalised adequate and appropriate mitigation strategies that prevent leakage of vital data. Periodic Vulnerability Assessment and Penetration Testing of IT infrastructure and systems ensure that its firewalls and other security measures remain relevant with the changing times.	Fusion believes in making a difference to people at large. It continues to invest mind, time and funds to uplift lives of fellow Indians through meaningful interventions in critical areas such as education, health and hygiene and livelihood. Fusion implements programmes across the Indian landmass to provide hope to the underprivileged. These initiatives have earned Fusion considerable respect among the rural masses as a mindful and helping organisation.

Great Place to Work

Made it to this coveted list in the very first attempt

Social Performance Management

Business is no longer about making profits alone. The evolving dynamics have made it a mandate for business to be socially responsible while being economical. The social performance of an organisation makes it a sustainable option for investors and stakeholders.

Fusion works at the base of the pyramid. Businesses like microfinancing are more in touch with the social framework than most others.

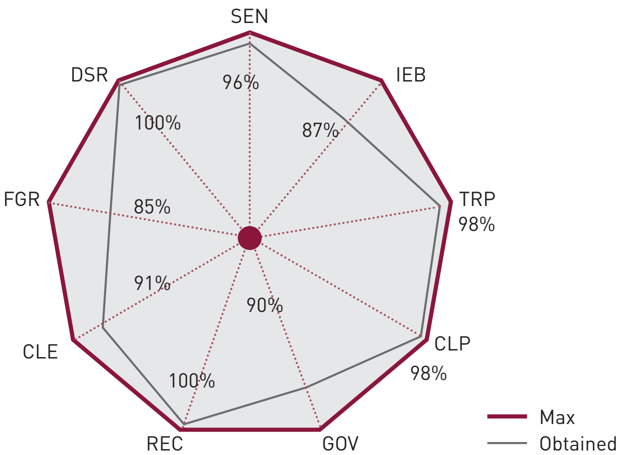
Comprehensive MFI Grading (Code of Conduct Assessment & Company Grading).

- 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.

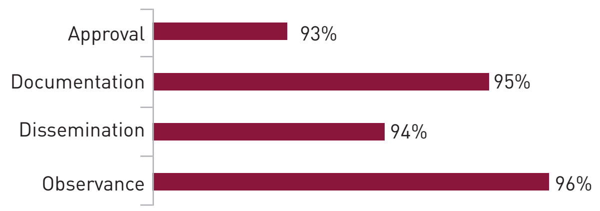
- The Company made a score of 94% and received C1 grade in the Code of Conduct Assessment (CoCA) and was regarded as an excellent performer with respect to adherence to the Code of Conduct. Assessment on Code of Conduct was done on the indicators pertaining to transparency, client protection, governance, 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.

Score	94%
Grade	C1

COCA Dimension Scores



ADDO Scores



Standard Comprehensive Social Rating

Fusion's Social Rating outlook improved from ∑β+ (Positive) in 2015 to ∑α- (Neutral) in 2019. It suggests that the company has strong social commitment, good system in place, and has evidence for good adherence to social mission and values.

Smart Campaign Surveillance Audit (Check-in)

Fusion received the SMART CAMPAIGN certificate in 2016. It was assessed based on the Client Protection Principles followed up with a streamlined desk review of the company's policies and procedures along with an on-site due diligence visit to the branches which included extensive staff interviews and focus group discussions with clients. A surveillance audit was done in 2019 in accordance with the SMART CAMPAIGN standards and Fusion was found to have complied with all the guidelines.

The core principles of Smart Campaign:

- Appropriate product design and delivery
- Prevention of over-indebtedness
- Transparency
- Responsible pricing
- Fair and respectful treatment of clients
- Privacy of client data
- Mechanisms for complaint resolution

Our Social Initiatives

Being Human

We believe in human values. Businesses cannot thrive without respecting the people around. This philosophy is seeded deep inside the Fusion ethos. It is our commitment to serve the people and improve the lives of the underserved sections of society. Our social commitments focus predominantly on education, health and livelihood through direct and indirect investment of time, effort and funds. We encourage personal volunteering efforts of our employees and promote a culture of responsible citizenship. We work towards transformation of how our communities live, learn and work.

181
Programmes

1,931
Employee participation

119
Aspirational districts covered

301
Govt./Key official attended

1.08
Investment (₹ crore)

720
Media coverage

243,350
Beneficiaries

Aligning with the global trend

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals are the global goals set by the United Nations General Assembly in 2015 to achieve a better and more sustainable future for all. Fusion through its CSR initiatives is working towards achieving seven such SDGs as shown here:

NO POVERTY – End poverty in its all forms everywhere

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

GOOD HEALTH AND WELL-BEING – Ensure healthy lives and promote well being at all ages

QUALITY EDUCATION – Ensure equitable and quality education and promote lifelong learning opportunities

GENDER EQUALITY – Ensure gender equality and empowerment

CLEAN WATER AND SANITATION – Ensure availability and sustainable management of water and sanitation for all

CLIMATE ACTION – Take urgent action to combat climate change and its impacts

Fusion received the 'CSR Leadership Award' by UBS Forums at CSR Summit & Awards 2019.

Education

We believe education is one of the most important tools to change one's life. It elevates a person as an individual with knowledge, skill and personality. Education makes a person eligible to secure a job and give his family a better life.

To help the underprivileged Indian in rural areas move towards a better tomorrow, Fusion works towards spread of education. We have lined up various initiatives to educate and upskill the youth.

Literacy Programmes

In a country like India, where the wealth lies at the base of the pyramid, financial literacy is of significant value. As large parts of rural India remained unbanked and unserved, lack of funding hindered the nation's economic growth for decades. The government has geared up to promote financial inclusion to help the village communities avail small loans and create their livelihood. Towards its vision to make India a $5-trillion economy in five years, the government has stressed on digital literacy and digital transactions. We, at Fusion, embarked on this mission and worked towards it as part of our social commitments.

Financial Literacy: Fusion conducted financial literacy programmes across rural areas of Bihar, Uttar Pradesh, Odisha, Rajasthan, Madhya Pradesh, Chhattisgarh, Punjab, Gujarat, Haryana, Tamil Nadu, Jharkhand and Uttarakhand for communities to provide awareness on important aspects of household financial management. Various topics like household budgeting, investment, prevention from debt load, developing positive attitude towards savings and financial security from the current income source were discussed at the sessions. Interactive programmes such as games, quizzes, role plays and simulation exercises ensured complete attention and total engagement of all participants.

Digital Literacy: Digital Literacy Programme were organised for the rural communities in Madhya Pradesh, Bihar, Rajasthan, Haryana, Uttarakhand, Jharkhand, and Uttar Pradesh to impart knowledge on various modes of cashless transactions, accessing account details digitally, digital payments and using debit/credit cards for transactions.

Project Shiksha

Fusion launched Project Shiksha, a scholarship scheme for school and undergraduate students on the International Literacy Day across ten states – Bihar, Jharkhand, Punjab, Uttar Pradesh, Uttarakhand, Haryana, Rajasthan, Chhattisgarh, Madhya Pradesh and Gujarat. Children from economically weaker families were granted financial support for continuing their education. For this, the team involved the branches, created awareness for this programme and received overwhelming response from the village communities. The team adopted a structured selection process for shortlisting deserving candidates – around 133 children were awarded scholarships which helped in taking care of their future educational needs.

The Company also provided scholarships to underprivileged girls studying in Udbhav School, Hyderabad. Families of these students could not afford their school fees. The students are receiving financial support for the last two years.

I'm the only child in a family of seven to attend a degree college. Our family income wasn't enough to support education of my siblings. My educational expenses seemed to be a burden on the family till I came to know about Project Shikha – a scholarship programme of Fusion Microfinance for economically weak students. They assessed my academic grades and interviewed me. I received a scholarship of ₹10,000. I couldn't have continued with my education without this.

Pooja Mishra
Lakhimpur Kheri, Uttar Pradesh

Fusion ki Pathshala

Fusion undertook the challenge of creating financial & digital awareness, knowledge of career opportunities and scholarships among school children. As a pilot project, we identified two government schools in Uttarakhand, trained a group of 12 students on these subjects and assigned them the task of training around 800 students of the schools. This programme has a significant positive impact on students as the programme provided them a platform to improve public speaking and build leadership skills. The project worked well. We plan to extend this project to cover other schools.

Volunteer Day

Fusion celebrated volunteer day by spending an entire day with the children with special needs. These underprivileged children were suffering from problems like autism, MR, cerebral palsy, ADHD and Down syndrome. These programmes were conducted at two schools – Masoom Special School and Holy Heart Special School in Delhi. Two teams, which included executives from the corporate office, participated in several activities like music, singing, dancing and drawing. Children were also provided with learning aids to help in their psychological development. This activity was a part of Warburg Pincus '5th Annual Volunteer Week' event.

I am a student of class 11 at the Government Inter College Pathri, Haridwar. A month ago, Fusion Microfinance came to my school and introduced this unique literacy programme. I was selected as a trainer. They educated us on topics like financial, digital banking and education loans. It was a proud moment for me and my family when I received the prize from Fusion as a winner.

Chhavi Chamoli
Haridwar, Uttarakhand

Distribution Programme

Fusion celebrated the Joy of Giving Week (Daan Utsav) in rural locations of Madhya Pradesh and Uttarakhand. For this, the team initiated a drive across 26 branches of Madhya Pradesh and Uttarakhand along with the head office to collect educational games which were further distributed to underprivileged children on Children's Day. The team also organised distribution of shawls to women in remote areas of Odisha.

Stationery Distribution Programme

The Company distributed school bags including stationery to 100 underprivileged children in two government schools at Madhya Pradesh. It was a well-attended programme and the joy of the students was palpable.

75

Programmes

852

Employee participation

52

Aspirational districts covered

10,377

Beneficiaries

Health & Hygiene

Health is central to human happiness and wellbeing. It makes an important contribution to economic progress. A healthy population has a longer lifespan, it is more productive, and it saves more. But in a country like ours where majority of the population lives on hand-to-mouth existence, health is overlooked to a large extent.

We tried to widen the health umbrella to cover the less fortunate masses. We focused on enhancing the health quotient of the rural people in select areas which required this intervention the most. We undertook a number of initiatives towards this.

General Health Camps

Fusion organised health camps in several villages of Assam, Bihar, Uttarakhand, Maharashtra, Uttar Pradesh, Odisha, Tamil Nadu, Madhya Pradesh, Haryana, Punjab and Jharkhand. Highly experienced gynecologists, general physicians, pediatricians and optometrists were roped in for this. More than 100-150 people attended each such camp. They were diagnosed with their ailments and medicines were given free of cost. In certain interior areas, bereft of any primary healthcare facilities, the attendance at the health camps was significantly higher. In certain areas, special awareness session on encephalitis (chamki fever) was organised by anganwadi workers. Diagnostic tests like blood sugar, haemoglobin, blood pressure, HIV (by NACO) and tuberculosis were arranged in these camps.

Mega Health Camp

A weeklong mega health check-up camp was organised in collaboration with Family Planning Association of India (FPAI) for safai karamchari (Municipal corporation cleaners) and truck drivers at Bhopal, Madhya Pradesh. A special one day 'Yoga for Life' Programme for ASHA (Accredited Social Health Activist) and safai karmi was also organised.

Eye Check-up Camps

Fusion hosted dedicated eye camps across multiple districts in Jharkhand, Madhya Pradesh and Gujarat where specialists diagnosed the patients for refractive errors and cataract issues. The team arranged for free Lasik surgery for patients diagnosed with cataract. As part of the post-operative care, medicines and spectacles were also provided free.

Cancer Awareness Camps

Cancer awareness and screening for oral, cervical and breast cancer were organised at diverse locations to create awareness about the ailment and the methodology for early detection. The team also screened the patients for the disease. Suspected cases were referred to nearby specialty hospitals for further tests and treatment.

Treatment of Cancer Patients

Donation to Indian Cancer Society was done through 'HDFC Charity Fund for Cancer Care' for the treatment of cancer patients who could not afford their treatment.

Menstrual Hygiene Management (MHM)

Fusion organised menstrual hygiene awareness programmes among village women to stress on the do's and don'ts of menstrual hygiene and generated awareness about sanitary pads. The team distributed reusable sanitary napkins among the women.

National Nutrition Month

The National Nutrition Month was celebrated in rural areas of Rajasthan, Jharkhand, Odisha, West Bengal and Tamil Nadu. A huge participation of women and children was observed in the programme. Nutritional food packets consisting of soyabean, pushtimix, jaggery and pulses were distributed to all the women who participated in the camp. Special sessions on adopting healthy eating habits and avoid nutritional deficiency were generated by anganwadi workers, diet experts and through street plays.

Wheelchair Distribution

Fusion celebrated the International Day of Disabled Persons on December 3 by organising a wheelchair distribution programme at eight locations in seven states of Rajasthan, Jharkhand, Odisha, Punjab, Uttar Pradesh, Pondicherry and West Bengal. Sixty wheelchairs were donated to Ex-Service Men (ESMs) from the army and other physically challenged people from the rural communities. At Jaipur, the programme was organised in association with Sainik Kalyan Vibhag, where senior officers of the army participated and appreciated the initiative.

WASH (Water, Sanitation & Hygiene)

Fusion set up toilets in government schools in remote areas. Awareness programmes were also organised to sensitise students and teachers on the importance of using toilets to maintain hygiene.

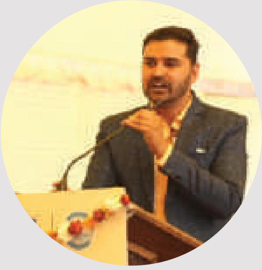
The Company, under its initiative, **Project Jal,** invested in installing water purifiers at government schools in Uttarakhand, West Bengal and Odisha to provide clean drinking water to students. Awareness programmes were organised during the setting up of the water purifier system and sensitise the students on the importance of safe drinking water.

58
Programmes

607
Employee participation

40
Aspirational districts covered

10,155
Beneficiaries



We developed a great partnership with Fusion Microfinance in creating awareness about 'Comprehensive Sexual Education, Gender Based Violence and Menstruation Hygiene Management (MHM)' for the rural community. We appreciate their expertise and dedication towards work.

Neelesh Chaubey
Branch Manager
Family Planning Association of India

Skill Development

'Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime.' That's the Fusion philosophy of skill development. Skill makes an individual self-dependent, earns him respect and provides hope for a better tomorrow. It also worked towards developing skillset among village women to make some extra income and be self-dependent.

Several tailoring programmes were organised for rural women to help create a livelihood for themselves. The training was provided in association with Usha Silai schools in Bihar and Uttar Pradesh. In a two months-long programme, women were trained in designing, cutting and sewing clothes with basic sewing machine repairing skills. Raw material and standard training materials were provided to each participant. The examination was taken to assess participants' level of understanding post which certificates were given. Women were encouraged to conduct market surveys themselves with the support of the NGOs to boost their self-confidence. Market linkages were facilitated to form a connection with the market. This helped the women make products that found a ready market.

The team offered an advanced course in tailoring to women who were trained in the basic tailoring programme earlier across three centers of Madhya Pradesh, Jharkhand and Haryana. Women were provided high-end sewing machines to help them begin their work forthwith.

Fusion also organised training sessions for making cloth bags in certain clusters of its presence. It facilitated in selling these bags in local markets, trade fairs and other events.

8
Programmes

56
Employee participation

5
Aspirational districts covered

87
Beneficiaries

Our work towards empowerment of disadvantaged women was greatly supported by the CSR initiatives of Fusion Microfinance. We have had a great experience in working with Fusion for implementation of the sewing skill development programme.

Mary Rupa Tete
Vice-President
Usha Social Services,
Usha International Ltd.

Reaching Out to the Distressed

Fusion stood by the people at times of natural calamities. Food items, toiletries and various relief materials were provided to more than 13,600 victims in flood-affected areas of Bihar, Assam and Madhya Pradesh in 2019. In Bihar, Fusion undertook relief work at a massive level in 19 locations to help about 11,210 people. We were the first to provide immediate help to the victims at several places.

The team also played a significant role in coming to the rescue of communities affected by Cyclone Fani which ripped through Odisha in 2019. It distributed relief materials to 8,419 beneficiaries in Sakhigopal, Niali and Raghunathpur of Odisha which were the most severely affected.

Environmental Sustainability

Solar lights were distributed to 300 households of Sakhigopal and Niali of Odisha affected by Cyclone Fani. This initiative was highly appreciated by the people as there was no electricity in the village for around six months.

Fighting the COVID-19 pandemic

Two months-long intervention has been done in 145 villages of Bihar to combat Novel Coronavirus benefitting around 2 Lakh people. Awareness campaigns in vernacular language were done using loudspeakers, people were informed of protective measures (as per ICMR) through IEC materials and hygiene kits consisting of masks, sanitizers, and soaps were delivered to households that had no access to hygiene items due to the nationwide lockdown.

36
Programmes

392
Employee participation

21
Aspirational districts covered

222,339
Beneficiaries

Living in this remote village, we had little knowledge of the Coronavirus and the lockdown. People from Fusion Microfinance visited our village and gave each of the houses a hygiene kit with soaps, masks and a sanitiser. They distributed pamphlets and made announcements about causes, symptoms and protective measures. We had no access to masks and sanitiser but now we are using them regularly. Thank you, Fusion.

Parvati Devi
Village- Abdullahchak, Bihar

Sports

Sports is an integral part of nation building. Fusion believes participation in various sporting activities makes a difference in children and youths. It infuses unity, team spirit and a competitive mindset. Sports hold the key to a brighter tomorrow and in sync with this, the government has lined up various initiatives like Khelo India Khelo to promote sports across the country. These have been a great source of inspiration for the youths.

Supporting Talent

Fusion made considerable contributions to the GoSports Foundation towards training of two athletes – Bhavani Devi and Namita Chandel for two consecutive years.

Namita was the first Indian to reach Final B round in women's C1 500-metre event at the 2019 World Championships at Budapest, Hungary. She was among the top 10 finalists who represented India in Canoe Sprint World-Cup in Hungary. She also became the brand ambassador of the 'Beti Bachao Beti Padhao' Campaign in Seoni, Madhya Pradesh.

Bhavani won silver and bronze medals in Tournoi Satellite Fencing Championship 2017. She was among the Top 16 finalists at the FIE World Fencing Championships 2019. Both of them are now training up for the next Olympics.

National Sports Day

Fusion celebrated the National Sports Day with students of Government schools in Rohtak (Haryana) and Agra (UP). A number of sports activities were organised for the students. We invited national-level female Paralympic athletes, sarpanch and education department officials as guests which motivated the children to perform. Winners were rewarded with trophies and cash prizes.

4
Programmes

1
Aspirational districts covered

24
Employee participation

392
Beneficiaries

We are grateful for the support of Fusion Microfinance over the last two years. Through their business, they have done an incredible job of empowering women entrepreneurs by giving them loans. It is wonderful for them to extend their support to our female athletes Bhavani Devi, first Indian Fencer to finish in the top 16 at the 2019 World Championships, and Namita Chandel, first Indian Canoer to finish in the top 20 of the 2019 World Championships, who are breaking barriers and becoming role models for the community in the true sense. A special thank you to Mr. Devesh Sachdev and his entire team for constantly supporting the foundation, and playing a huge role in the journeys of our very promising female athletes.

Deepthi Bopaiah
Executive Director
GoSports Foundation

This Is What Drives Us

We highly appreciate Fusion's initiative towards the welfare of Ex-Servicemen (ESM) of the Indian Armed Forces. The company assisted ESMs by donating wheelchairs, which has not just helped in mobility but has also improved their quality of life. Our office looks forward to more such collaboration with your organisation for the welfare of the community.

Colonel Raghuraj Singh (Retd.)
Zila Sainik Kalyan Adhikari
Jaipur, Rajasthan

I had a great time at the sports day celebrations organised by the school. I learned that Fusion Microfinance helped this whole event for the underprivileged children. I hope they continue to work in the same manner in uplifting these communities.

Pooja Khanna
Paralympic Archer

Our students come from slum areas. Education is their only hope to escape the vicious cycle of poverty. The scholarships from Fusion Microfinance have been a great source of encouragement to these underprivileged children to put in their best for their academic pursuit.

Ashiya Begum
Head Mistress
Udbhav High School

Beneficiaries:

Programme: Wheelchair Distribution

I was a soldier in the Poonch district of J&K in 2002 when I met with an accident. It left me with 80% disability in the lower limbs. I had to walk with a wooden stick and my movement was restricted. Fusion Microfinance came forward to help me with a wheelchair and it made me feel independent yet again.

Name: Khem Chand Mahala
Location: Jhunjhunu, Rajasthan

Programme: Health Camp

Fusion was the first company to organise a health checkup camp in our community. Three doctors checked each one of us and tests were done. They also gave us medicines. And, we could avail all these at no cost.

Name: Laxmi Devi
Location: Bareilly, Uttar Pradesh

Programme: Cancer Screening

In January 2020, Fusion Microfinance organised a Cancer Screening Programme here. The doctors explained to us the causes, symptoms and cure of different types of cancer very lucidly. They screened us for cervical, oral and breast cancer. Everything was free.

Name: Kamli Devi
Location: Fatuha, Bihar

Programme: Menstrual Hygiene Management

Fusion Microfinance invited me and my mother to attend a programme on Menstrual Hygiene. This was the first time that something like this happened here. They gave us reusable sanitary napkins. These were very soft and easy to use compared to the cloth and other napkins we had been using. Thank you, Fusion.

Name: Suchi
Location: Nawada, Bihar

Before

After

Programme: Toilet Construction (WASH)

We didn't have a proper toilet in our school. The makeshift toilet was in a terrible condition and girls were extremely hesitant to go there. Fusion Microfinance came up to help us. They built a proper toilet in the premises. The biggest reward was at least 10% increase in the attendance of girl students ever since.

Name: Manju Sharma
School Principal, Govt Secondary School
Location: Taharpur, Iglas, Uttar Pradesh

Programme: Project Jal (WASH)

We had been facing scarcity of clean drinking water in our school for long. Children would often fall sick drinking the impure water. Fusion Microfinance installed a water purifier in the school. It doesn't need electricity and maintenance. We saw a 15% increase in attendance after this. This also helped the Anganwadis who prepare mid-day meals.

Name: Sudesh
School Principal
Govt Primary School
Location: Alawalpur, Haridwar, UK

Programme: Financial Literacy

Fusion Microfinance organised a day-long programme on financial literacy in my area. I learned about avoiding non-essential expenses and savings. I also received a prize there. I never looked at my household expenses before and would run out of finances by the end of the month. Since I started maintaining an income and expenses diary, it helped me to plan and to take account of my savings. We're living a better life since Fusion taught me how to save money.

Name: Kapuri
Location: Jhansi, UP

Programme: Digital Literacy

My knowledge of digital payments wasn't enough to put it to use. A digital literacy programme organised by Fusion Microfinance educated me on different modes of digital payment, including maintaining security and identifying frauds. Since then I started using e-wallets for all transactions. This saves my time and cost of commuting. No other company has given us this kind of training ever.

Name: Sunena
Location: Gwalior, Madhya Pradesh

Programme: Sponsorship GoSports Foundation

Thanks to Fusion Microfinance for helping me participate in four major international competitions last year in Europe. Without Fusion, I couldn't have become the first Indian to finish in the final rounds of the 500m C1 event.

Name: Namita Chandel
Sport: Canoeing

Programme: Cyclone Fani Relief Work

Sakhigopal was ravaged by the Cyclone Fani. We had no food, drinking water and power. Fusion Microfinance came forward to help us when no one was there for us. Apart from relief materials, Fusion also gave us solar lamps. We'll never forget the way Fusion stood by us in that trying time.

Name: Jhinilata Sahoo
Location: Sakhigopal, Odisha

Programme: Sponsorship GoSports Foundation

Fusion Microfinance helped me in many ways like financing my participation in international tournaments, and taking care of all my sports science requirements. They made sure that I need not worry about anything apart from my training and performance.

Name: Bhavani Devi
Sport: Fencing

Programme: Eye Checkup Camp

I had issues in my vision for a long time but avoided visiting a doctor due to the financial crisis. I went to the eye check-up camp organized by Fusion. My eyes were tested thoroughly by the doctors. I was diagnosed with the cataract. Within a week, my surgery was arranged by the company in one of the reputed hospitals in the city.

Name: Basanti Gope
Location: Sundar Nagar, Jharkhand

Programme: Flood Relief Work

During the floods in my village, Fusion arranged dry ration for the whole family. Our houses were submerged, and belongings had washed away. There was a shortage of food and clean water. The aid provided on time helped us stay afloat till the time we were able to get hold of the situation. We had suffered a lot during the floods, but I am glad the company cared for us.

Name: Rena
Location: Shaharghat, Bihar

Programme: Skill Development

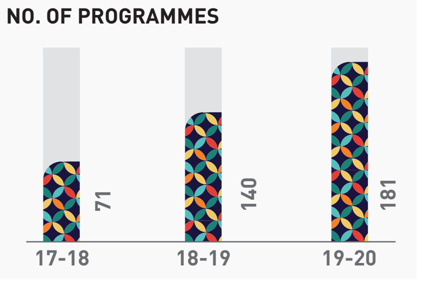
I attended a bag-making course under the 'Jivika - Skilling Programme' of Fusion Microfinance in our village. We were taught design making, cutting and stitching techniques. Raw materials and tools were provided. They also gave away sewing machines. I started working on my own after the training. Fusion also helped me secure regular orders. I run my family now. During the Covid-19 pandemic, I received an order for making 1,000 masks. All this was possible because of Fusion.

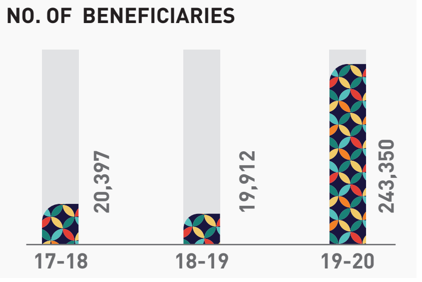
Name: Devaki Devi
Location: Rewa, Madhya Pradesh

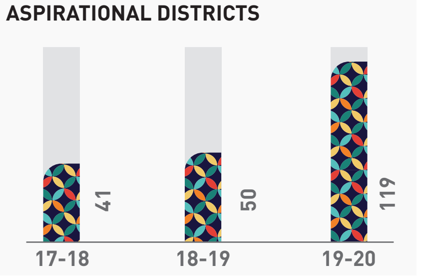
Widening our humane canvass

2017-18	2018-19	2019-20
Launched Jivika - Skill Development Programme, a new initiative for providing skill trainings to rural women.	Swachh Bharat Abhiyan promoted through toilets construction in 3 states benefiting 2000 people.	Relief and welfare work for more than 22000 victims of Cyclone Fani and flood in Odisha, Assam, Madhya Pradesh and Bihar.
Introduced Financial Literacy Programmes for the rural communities across 7 states to create awareness on financial management.	New initiative, Project Jal, to provide clean drinking water solution in Govt. schools in Uttarakhand.	Initiated new Programmes such as Project Shiksha – Scholarship Programme, Menstrual Hygiene Management (MHM), Fusion ki Pathshala– Literacy Programme and Cancer Screening Programme.
Distributed 1000 dengue protection kits in Government schools of Haryana supporting NDTV Behtar India Initiative.	Around 810 saplings planted to reduce effects of flood in three villages with more than 3800+ population in Uttarakhand.	Wheelchair distributed to Ex Service Men (ESM) including war casualties from the Army and other physically challenged people from rural areas on International Day of Persons with Disabilities
Initiated focus to promote women health and menstrual hygiene on International Women's Day.	Social sensitisation of around 5400+ rural people on female feticide, women health, malnutrition, and girl child education through Nukkad Natak (street plays).	Two months long welfare programme across 145 remote villages of Bihar to combat Novel Coronavirus benefitting 2 Lakh people.
Satwiksairaj Rankireddy and Chiraj Shetty, duo of Badminton Mixed Team, part of GoSports Foundation, whose training supported by Fusion won 1 Gold and 1 Silver in the Commonwealth Games 2018.	Two of the Badminton athletes supported by Fusion won 1 Gold and 1 Silver in the Commonwealth Games 2018.	Received the 'CSR Leadership Award' by UBS Forums at CSR Summit & Awards 2019 - the first public recognition for the company in CSR.

Making a wider impact







Our Reach

Uttarakhand
Beneficiaries: 4,315
Aspirational District: 4

Haryana
Beneficiaries: 1,184
Aspirational District: 10

Punjab
Beneficiaries: 674
Aspirational District: 6

Rajasthan
Beneficiaries: 984
Aspirational District: 6

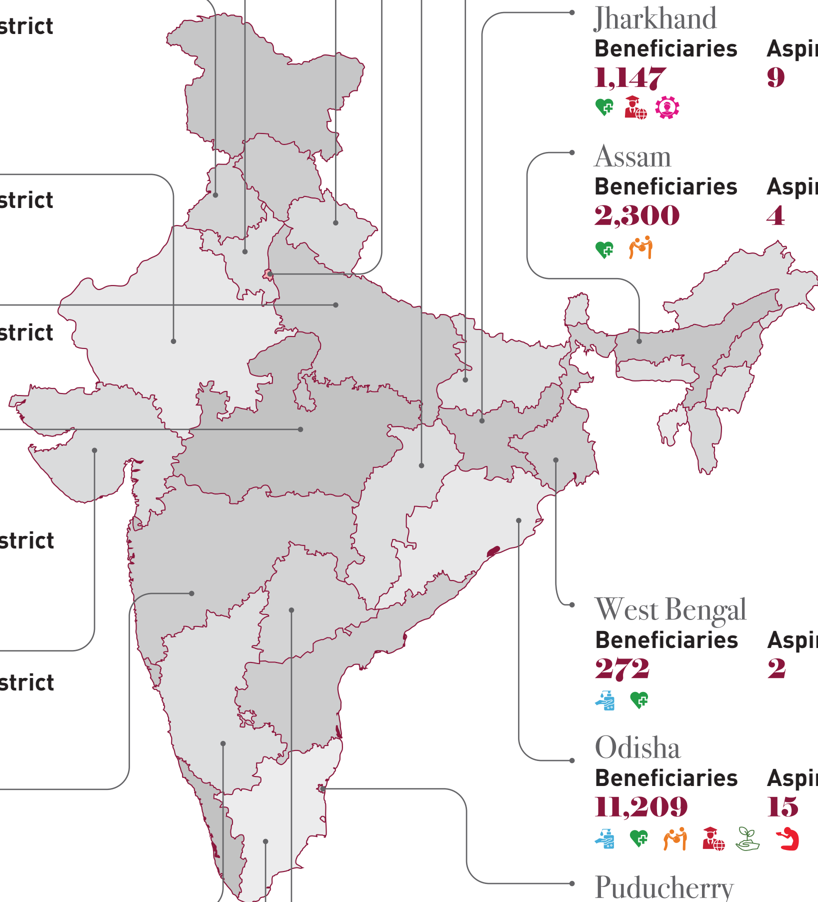
Uttar Pradesh
Beneficiaries: 2,453
Aspirational District: 13

Madhya Pradesh
Beneficiaries: 3,565
Aspirational District: 16

Gujarat
Beneficiaries: 570
Aspirational District: 2

Maharashtra
Beneficiaries: 150

Karnataka
Beneficiaries: 2



Delhi
Beneficiaries: 136

Chhattisgarh
Beneficiaries: 630
Aspirational District: 3

Bihar
Beneficiaries: 212,968
Aspirational District: 24

Jharkhand
Beneficiaries: 1,147
Aspirational District: 9

Assam
Beneficiaries: 2,300
Aspirational District: 4

West Bengal
Beneficiaries: 272
Aspirational District: 2

Odisha
Beneficiaries: 11,209
Aspirational District: 15

Puducherry
Beneficiaries: 5

Tamil Nadu
Beneficiaries: 779
Aspirational District: 5

Telangana
Beneficiaries: 7

Sanitation | Health | Sports | Poverty | Relief work | Education | Environment | Skill development

Board of Directors

Devesh Sachdev

MD & CEO

The Company's Founder & CEO, Devesh Sachdev, an XLRI Post Graduate with 16 years of experience in the service industry prior to starting Fusion in 2009-10. He started his career with Citigroup in 1996. Amongst the diverse experiences, his expertise lies in building business, managing large teams in a cost efficient manner, strategy, key relationship management and handling all dimensions of the business. Under his leadership, Fusion has grown into one of the leading microfinance institutions and continues to expand its operations. He is serving as a Vice Chairman on the Board of MFIN, which is a Self-Regulatory Organization for NBFC-MFIs in India.

Kenneth Dan Vander Weele

Nominee Director

Mr. Kenneth Dan Vander Weele has a PhD in international economics from Oxford University, and a BBA in Accounting from the University of Wisconsin. Ken is also a CPA. He is a co-founder and partner in Creation Investments Capital Management, LLC, a fund management company that manages several specialised private equity vehicles that invest in emerging market financial services companies serving poor clients. From 2000 until 2009 Mr Vander Weele served as the President of the Investment Services Division at Opportunity International, a major microfinance network. Mr. Vander Weele was responsible for the development and oversight of all commercial MFIs within the Opportunity Network, garnering over $1 billion in assets during his tenure. During this period, Mr Vander Weele was involved in forming three microfinance banks in Eastern Europe. Mr Vander Weele was also a founder and the board chair of the Microfinance Centre for Eastern Europe from 1998 until 2006 and the Balkan Financial Sector Equity Fund from 2005 to 2011.

Namrata Kaul

Independent Director

A seasoned banker for over 30 years, Namrata Kaul has wide exposure to treasury, corporate banking, debt capital markets and corporate finance in India and the UK. As managing director at Deutsche Bank AG, she led the corporate banking wing as its India head. Ms Kaul serves as an Independent Director on the Boards of Vivriti Capital, Schneider Electric, Bhopal Smart City Corporation and Prime Securities Ltd. She is also an Investor and mentor at PadUp Ventures, a startup incubator. Actively involved in social development, Ms Kaul serves as the Vice-Chair and Director on the Supervisory Board of Care International (Geneva), an international humanitarian organisation, and as a Board Member at Care India, an NGO working for impoverished women. She also serves on the Audit Committee of Sevagram, Udaipur, an NGO working on long term and sustainable social transformation. The Chevening scholar from the London School of Economics did her bachelors in commerce from Lady Shri Ram College, Delhi University, and post-graduation from IIM Ahmedabad.

Narendra Ostawal

Nominee Director

Narendra Ostawal is based in Mumbai, joined Warburg Pincus in 2007 and since then has been working with the firm's Indian affiliate. He is involved in the firm's Investment Advisory activities in India and focuses on Financial Services and Healthcare sectors in India. He currently serves as Managing Director of Warburg Pincus India Private Limited. Prior to joining Warburg Pincus, Mr. Ostawal was an Associate with 3i India and McKinsey & Company. He is a Director of Laurus Labs Limited, Capital First Limited, AU Small Finance Bank Limited, D B Power Group Companies, Computer Age Management Services Pvt. Ltd., Sterling Software Private Limited and Fusion Microfinance Private Limited. Mr. Ostawal holds a Chartered Accountancy degree from The Institute of Chartered Accountants of India and an M.B.A. from Indian Institute of Management, Bangalore.

Pradip Kumar Saha

Independent Director

Mr. Saha was a Chief General Manager, Small Industries Development Bank of India (SIDBI) and senior development banker with more than 36 years of experience in development banking. During his long career in IDBI & SIDBI, he has handled various departments, some as Head of Department.

Ratna Vishwanathan

Independent Director

She has been the CEO of MFIN for the last three years and was Dy. CEO prior to that. She has built a strong Self Regulating Organisation in line with the sector supervision mandate of the RBI and built strong credibility for the sector in the eyes of the external world. She has put in place the international microfinance conclave which is now an annual feature and has enhanced the visibility of the sector.

Belonging to the 1987 batch of the Indian Audit and Accounts Service, Ms. Vishwanathan comes with extensive experience across a range of Government departments including Audit, Defence and Prasar Bharti. She has also served at very senior levels in well-known international NGOs such as Oxfam and VSO.

Ratna Vishwanathan is a Director on the Board of Mudra, Member of the RBI's Financial Inclusion Advisory Committee and Chairperson of the South Asian Microfinance Network. She is currently the CEO of the Sustainable India Finance Facility which is an entity set up under the United Nations Environment Programme and is partnering with BNP Paribas to bring in private sector investment into sustainable agriculture, green energy, water conservation and other sustainable enterprise at scale.

Management Team

Tarun Mehndiratta

Chief Operating Officer-MFI

Tarun Mehndiratta joined Fusion Microfinance as the COO in June 2017. He has over 25 years of experience in the Commercial and Retail Lending space , including over 12 years as a Business Head.

He is a seasoned veteran in the Asset Based Finance sector , having headed general management and strategic roles in GE Capital India , Citigroup. In his multiple leadership roles, Tarun has a proven track record of building new businesses, leading large teams and forging strong relationships with various stakeholders.

Tarun has also been a member of FIDC (Finance Industry Development Council) during the period 2007-2009 . He completed his Post Graduation in Management from IMM Delhi , has a certification in Export Marketing from IIFT Delhi and a Bachelors in Commerce (Honours) degree from Delhi University.

Kamal Kumar Kaushik

Chief Operating Officer-MSME

Kamal has joined Fusion Micro Finance as the COO MSME in July 2019. He is a Chartered Accountant with over 20 years of rich & insightful experience in financial retailing with leading private banks and NBFC's in India. He has significant exposure across retail asset products, managing diverse customer segments in all the geographies in India. He is subject matter expert of Mortgage Loans, MSME and School Finance.

He joins us from Religare Group where he was the CEO of Religare Housing Development Finance Corporation Ltd and handled multiple leadership roles in Credit, Risk Policy, Business Verticals and successfully set up SME-Premier vertical as Business Head. His earlier stints include Fullerton, Birla Home Finance, ICICI Bank, HDFC Bank, GE Money and Maharaja White line group.

He authored article on tax implication on home loans published in NIRC magazine of the Institute of Chartered Accountants of India. He is a certified Strategic Professional in "Merger & Acquisitions, Buyouts, Divestitures and Restructuring – IIM Bangalore and Export Management from Indian Institute of Foreign Trade – IIFT Delhi.

He is actively associated with Rotary International.

Gaurav Maheshwari

Chief Financial Officer

Gaurav is a Chartered Accountant (CA) by profession and has an experience of 15 years. He has earlier worked with Aditya Birla and Avantha Group. Being a CA, he even holds Post Graduate degree(s) in Accountancy & Business Statistics. He also holds Masters degree in Business Finance.

Presently, he is looking into the capital markets for structured finance and other options for minimisation of cost of funds. He is also responsible for areas of Strategic Business Planning and Budgetary Controls, Equity Capital and Debt Syndication, Treasury Management, Accounts and regulatory compliances.

Naveen Mangle

Senior Vice President – IT

With over 20 years of experience across a wide geography stretching from India to the US, the UK and Singapore, Naveen Mangle joined Fusion with exposure to various types of companies ranging from IT Consulting – such as Polaris, Birlasoft, TCS and Tech Mahindra – to American product manufacturers like Location Labs and captive organisations such as Genpact and Aviva Life Insurance. He is seasoned to lead large teams and hold leadership positions in IT strategy and planning, digital transformation, enterprise architecture and project delivery management. A tech enthusiast to the genes, Mr Mangle is an expert in next-gen technologies like Data Sciences, Artificial Intelligence, Robotic Process Automation, Analytics, Cloud and Mobility. The BTech from Netaji Subhas Institute of Technology and an MBA from the Indian Institute of Foreign Trade, attained PMP certification from PMI, USA. An acclaimed speaker in tech conferences, Mr Mangle is a fitness freak with love for badminton and jogging.

Ankush Ahluwalia

Senior Vice President – Business Operations

Ankush Ahluwalia, a seasoned professional, Heading Business Operations. Ankush has more than 19 years of rich experience in the field of Business Operations and People Management. He has worked with organisations of high repute like GE Capital, Kotak Mahindra, Religare, and Magma Fincorp. Ankush has completed his Masters in Business Economics from Kurukshetra University. He possesses excellent leadership qualities and team building.

Satish Mani

Vice President – Risk & Audit

Satish Mani comes to Fusion with a rich experience of Bank credit risk and Audit of more than two decades. Before joining Fusion, he has worked for companies like GE Capital, ICICI Bank Ltd, Kotak Mahindra Bank Ltd, Sundaram Finance Limited, UB group etc. He was involved in audit for various PSU's, companies and Bank's.

Satish played a key role in framing the policy and procedure for Risk & Credit for various products & setting up branches. Apart from Audit, he also involved in rating of various companies as an underwriter and lender. He has wide knowledge and skills to support regulatory compliance and enterprises wide risk management in the Finance sector.

Lekshmi Bhargavi

Vice President - Human Resource & Administration

Lekshmi has over 14 years' experience in HR and holds a post graduate degree in HR from SDM-IMD. She specialises in talent transformation, change management, organisational design & risk mitigation. She has previously been associated with organisations like Toyota Financial Services, Vistaar Financial Services & ING Vysya Bank.

Her present role is to build upon the organisation's current people programs and service delivery strategies, enhancing organisational decision-making and approaches for securing growth on a business-wide scale.

Deepak Madaan

Vice President - Legal & Compliance

Deepak is the Company Secretary and Compliance Officer for Fusion. He is a qualified Company Secretary from the Institute of Company Secretaries of India and holds a bachelor's degree in law with over 12 years of experience. He has earlier worked with premier organizations like the Almondz & Century Group. He provides proactive, in-depth, legal, business-focused advice to the business, as well as implementing initiatives and processes in order to set standards and reinforce a culture of integrity, quality, ethical behaviour and responsibility across the business.

Rohit Dhiman

Assistant Vice President – Business Excellence

After serving some of the global brands for 14 years, when the Lean Six Sigma Master Black Belt and Project Management Professional moved into Fusion, he had a rich experience from his stints in MetLife Global Operations Support Centre, Worldwide Global Services (WNS) and eFunds International. Mr Dhiman has brought Lean Six Sigma Methodology and Statistical Process Control expertise with his cross-functional exposure in diversified portfolios of operations, consultancy engagements, transitions and quality. He has been instrumental in driving and executing process reengineering and strategic transformation projects with best practices from TQM International Pvt Ltd and QAI Global. With a degree in commerce from the Delhi University, Mr Dhiman did his post-graduation in mass communication. He is a member of the Indian Society of Quality and is actively associated with the Delhi-based Quality Management Organisation. He is certified from AXELOS Global Best Practice in ITIL(f)V3. His core expertise is Minitab 17.0.

Shalini Singh

Assistant Vice President - SPM & CSR

Shalini Singh is a commerce graduate, holds a degree in Journalism and NGO Management. She started her career with Media but being a philanthropist at heart she decided to pursue her humanitarian interest. As a development professional she has worked extensively with people at the grass root level through various social initiatives. She made an important contribution in organizing fund raising campaigns for the mid-day meal program, first of its kind charity dinner, setting up a mobile hospital, organizing health camps and running vocational training centres for under privileged women.

Directors' Report

Dear Members,

The Board of Directors hereby submits the 26th Board Report of the business and operations of your Company ("the Company" or "Fusion") along with the audited financial statements for the financial year ended March 31, 2020.

1. Financial Results and Operational Performance of the Company

The financial performance of the Company for the financial year ended March 31, 2020 is summarized below:

(All amounts are in Rupees millions unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
Interest Income	6,664.88	4,693.74
Fees and commission Income	34.64	66.51
Net gain on fair value changes	231.57	182.89
Net gain on derecognition of financial instruments under amortized cost category	271.55	-
Total Revenue from operations	7,202.64	4,943.14
Other Income	100.47	27.39
Total Income	7,303.11	4,970.53
Expenses		
Finance Costs	3,376.72	2,539.89
Impairment on financial instruments	926.99	206.75
Employee benefits expenses	1,483.33	1,033.33
Depreciation and amortization	25.76	23.87
Other expenses	490.36	482.66
Total Expenses	6,303.16	4,286.50
Profit before tax	999.95	684.03
Tax Expense:		
Current Tax	395.99	206.61
Deferred Tax	(92.14)	(29.27)
Profit for the year	696.10	506.69
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Re-measurement gains/(loss) on defined benefit plans	6.46	2.28
Income tax effect	(1.40)	(0.80)
	5.06	1.48
Total Comprehensive Income for the year	701.16	508.17

Operational performance for the fiscal year 2019-20 is summarized in the following table:

Particulars	FY March 31, 2020	FY March 31, 2019	Increase over % FY 2019-20
Number of Branches	591	504	17.26%
Number of Active Members	1,856,372	1,510,823	22.87%
Number of Employees	5,490	4,398	24.83%
Number of States	18	18	-
Amount Disbursed (INR In Crore)	3,572.85	2,782.13	28.42%
Gross Loan Portfolio (INR In Crore)	3,597.16	2,592.86	38.73%

2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'SAFFAIR

The Company is registered with Reserve Bank of India (RBI) as Non- Deposit accepting NBFC-MFI vide Registration No. B-14.02857 granted on January 28, 2014.

The Company attained business performance by reaching out to 1,856,372 active members as on March 31, 2020 which has grown from 1,510,823 as on March 31, 2019. The growth in active members during the year was 22.87%.

The above was possible with excellent efforts of 5,490 employees of the Company as on March 31, 2020, which was 4,398 as on March 31, 2019, through 591 Branches, across 18 states and 283 districts in India. During the year under review, the Company opened 88 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. CASH FLOW STATEMENT

The Cash Flow Statement for the year ended on March 31, 2020 prepared under the provisions of the Companies Act, 2013 is attached as a part of the Financial Statement of the Company.

4. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as **"ANNEXURE 1"** to the Board's report. The same is available on https://fusionmicrofinance.com/pdf/Annual_Return_2019_20.pdf.

5. DEPOSITS

The Company had not accepted any public deposits during the year within the meaning of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998.

6. TRANSFER TO RESERVES

During the financial year under review, your Company transferred INR 139.22Mn to the statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act 1934.

7. DIVIDEND

The Directors of the Company feel that it is prudent to plough back the profits for future growth of the Company, hence do not recommend any dividend for the year ended March 31, 2020.

8. 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 and shares liable to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government since no dividend was declared by the Company till date.

9. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2019-20, the board met 5 (Five) times i.e. on May 27, 2019, August 14, 2019, November 08, 2019, December 20, 2019 and February 18, 2020. Further details related to the board meetings of the Company are mentioned in the Corporate Governance Report annexed as **"ANNEXURE 2"**, which forms part of this report.

10. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business during the year.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in the composition of the Board of Directors

- In accordance with the Shareholder's Agreement dated September 10, 2018 read with amendment to the shareholders agreement dated December 17, 2019, subject to the approval of shareholders of the Company, Ms. Namrata Kaul was appointed as an Additional Director of the Company in the category of Independent Director w.e.f. February 18, 2020. Ms. Kaul holds office up to the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as an Independent Director of the Company.
- During the FY 2019-20, Mr. Albert Hofsink, (Nominee Director on behalf of Oikocredit Ecumenical Development Co-operative Society U.A ("OIKO")) has resigned from the post of Nominee Director w.e.f December 20, 2019 due to fall in shareholding of OIKO below 9% (minimum shareholding limit for directorship). In accordance with this OIKO had withdrawn its board nomination.
- During the FY 2019-20, Mr. Nitin Gupta, Independent Director of the Company has resigned from the Board w.e.f. June 28, 2019 due to his pre-occupation with other engagements.

A brief detail on change in the directors is given below -

S. No.	Name of the Director	Designation	Appointment/ Resignation	Effective date
1.	Ms. Namrata Kaul	Additional Director	Appointment	February 18,2020
2.	Mr. Albert Hofsink	Nominee Director	Resignation	December 20, 2019
3.	Mr. Nitin Gupta	Independent Director	Resignation	June 28, 2019

As per the provisions of Companies Act, 2013, Mr. Devesh Sachdev, Managing Director & Chief Executive Officer, Mr. Gaurav Maheshwari, Chief Financial Officer and Mr. Deepak Madaan, Company Secretary are the Key Managerial Personnel of the Company.

12. 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 Companies Act, 2013 and based on the declarations received from the Independent directors, the Board of directors is of the opinion that the directors appointed during the year have the requisite integrity, expertise and experience (including the proficiency) to become the independent directors of the Company.

13. GRADING AND CREDIT RATING

CARE has assigned Grading of **"MFI 1"** and Rating of **'A-'** on the Long- Term Bank Facilities (amounting to INR 1,500 Cr) and on Non-Convertible Debentures (amounting to INR 85 Cr). The Company has also been assigned rating as **'A-'** by **CRISIL** on the Long- Term Bank Facilities (amounting to INR 500 Cr) and rating of **'A-'** by **ICRA** on Non-Convertible Debentures (amounting to INR 543.50 Cr).

14. CAPITAL ADEQUACY

The Capital Adequacy Ratio (CRAR) of the company was 35.82% as on March 31, 2020 as against the minimum capital adequacy requirements of 15% by RBI.

15. RESOURCE MOBILIZATION

a) Term Loan / Sub debt / Refinance

During the year under review, the Company has diversified its sources of funds and raised a sum of INR 1,814 Crore (Inclusive of Refinance of INR 200 Crore) by way of short-term, long-term loans.

b) Secured / Unsecured Non-convertible debentures

The company raised an amount of INR 35 Crore by way of issuance of Secured/unsecured Debentures.

c) Asset Securitization

During the year, your Company raised resources to the extent of INR 459.79 Crore through securitization.

16. SHARE CAPITAL

A. Authorized Equity Share Capital of the Company:

In order to meet long-term funding requirements of the Company and to strength the capital base of the Company, during the Financial 2019-20, the Company has raised a fresh equity investment INR 500 Crore from Honey Rose Investment Ltd, a subsidiary of certain private equity funds managed by Warburg Pincus LLC, Creation Investments Fusion II, LLC & Mr. Devesh Sachdev, promoter of the Company.

For the aforesaid capital raising, the authorized equity share capital of the Company was increased by 20,000,000 equity shares of ₹ 10 each (March 31, 2019: ₹ 750,000,000; March 31, 2020: ₹950,000,000).

B. Issued, subscribed & paid up Equity Share Capital of the Company:

During the financial year under the review, the issued and subscribed equity share capital of the Company has increased from INR 657,205,880 to INR 843,263,880. The paid-up share capital of the Company has also increased from INR 629,311,208 to INR 807,779,832. The detail of the equity shares issued during the financial year is given hereunder:

S. No.	Date of Issue	Name of the allottee	Category	Number of equity shares
1.	July 16, 2019	Fusion Employees Benefit Trust	Trust	549,647
2.	December 20, 2019	Honey Rose Investment Ltd	Investor	1,23,93,280
3.	December 20, 2019	Creation Investments Fusion II, LLC	Investor	48,19,609
4.	December 20, 2019	Devesh Sachdev*	Promoter	8,43,264

*partly paid up shares were issued @ INR 1/- per share paid up

C. Non- Convertible Debentures

In the FY 2019-20, company issued Non-convertible Debentures on private placement basis aggregating to INR 35.00 crore. Details of the Non-Convertible Debentures issued to the allottees in respective meetings are mentioned below:

S.No	Date of Allotment	Name of Allottees	No. of NCD	Price per NCD (INR)	Status
1	September 10, 2019	UTI International Wealth Creator ("responsAbility")	350	10,00,000	Listed

17. REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDs)

Following Non-convertible Debentures were redeemed during the FY 2019-20: -

S. No	Particulars	Date of Allotment	No. of NCD	Amount (in million)	Date of redemption	Detail of redemption
1.	BlueOrchard Microfinance Fund	August 07, 2018	340	10,00,000	February 07, 2020	Fully
2.	Microfinance Enhancement Facility SA, SICAV-SIF	August 07, 2018	340	10,00,000	February 07, 2020	Fully
3.	AAV SARL	June 28, 2016	601	10,00,000	July 13, 2019	Fully

18. ISSUE OF SHARES UNDER EMPLOYEE STOCK OPTIONS 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 under ESOP Scheme 2014 and 2016 for its employees.

As on March 31, 2020, the following stock option grants were in operation:

PARTICULARS	Details
Number of options granted during the year	590,970
Number of options vested during the year	331,040
Number of options exercised during the year	75,670
Total number of shares arising out as a result of exercise of option during the year	75,670
Options lapsed during the year	92,945
Exercise price	20.55/27.08/37.99/64.08/110/ 154.04/290.48
Variation in terms of options	-
Money realized by exercise of options	3,356,360
Total number of options in force	1,620,998

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%

19. COMMITTEES DETAILS

The Company has 8 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.

20. PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year, the Company has entered into various transactions with related parties. All related party transactions are undertaken in compliance with the applicable provisions of the Companies Act, 2013.

All related party transactions entered during the financial year were in the ordinary course of business. There were no material related party transactions entered by the Company with Directors, KMPs or other persons which may have a potential conflict with the interest of the Company. Since all the related party transactions entered into by the Company during the financial year were at arm's length basis and in the ordinary course of business and there was no material related party transaction (i.e. a transaction exceeding 10% of the annual consolidated turnover as per the last audited financial statements), no detail is required to be given in Form AOC-2.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company i.e. www.fusionmicrofinance.com and the details of the transactions with related parties are provided in the Notes to financial statements.

21. AUDITORS' AND AUDITOR'S REPORT

STATUTORY AUDITOR

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder, M/s S.R. Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the Twenty – fifth Annual General Meeting till the conclusion of the thirtieth Annual General Meeting of the Company to be held in the year 2024.

The Auditors' Reports for the financial year 2019-20 do not contain any qualification or reservation or adverse remark. The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

During the year, no incidence of fraud as defined under Section 143(12) of the Companies Act, 2013, which is required to be disclosed under Section 134(3) (ca) of the Companies Act, 2013, has been reported by the Auditors to the Board of directors of the Company.

SECRETARIAL AUDITOR

Mr. Alok Chandra, Practicing Company Secretary (FCS No. 7970 and Certificate of Practice No. 8976) was appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2019-20 as required under Section 204 of the Companies Act, 2013 and the Rules made there under. Secretarial Audit Report for FY 2019-20 does not contain any qualification, reservation and adverse remark. The Secretarial Audit Report for FY ended March 31, 2020 is attached as **"ANNEXURE 3"**.

INTERNAL AUDITORS

The Company has appointed M/s. JP Chawla & Co. LLP, Chartered Accountants, to act as Internal Auditors of the Company. The Internal Auditors directly report to the Audit Committee.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review the company has not given any loan or guarantee to any person or any other body corporate u/s 186 of the Companies Act, 2013.

23. NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the rules made thereunder, the Company has framed a Nomination and Remuneration Policy which is duly approved by the Board. The aforesaid Policy is directed towards a structure that provides adequate rewards and compensation to the employees at all level.

The Nomination and Remuneration Policy of the Company as required under Section 178(3) of the Act is available on our website at www.fusionmicrofinance.com.

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

Due to the pandemic COVID 19, all the field operations of the Company were suspended during the period of lockdown. In terms of the Reserve Bank of India Circular DOR.No.BP. BC.47/21.04.048/2019-20 and the advisory issued by the Microfinance Institutions Network, the Company took the measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the Company framed "Moratorium Policy for Customer(s) on Deferment of EMI – COVID 19" whereby borrowers shall be allowed for moratorium on payment of unpaid instalments, falling due by August 31, 2020 as per the said policy.

25. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

Conservation of energy and technology absorption

Since the Company does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption are not applicable.

The Foreign Exchange earnings and outgo

The Company neither had any foreign exchange earnings nor any such outgo during the year under review.

26. RISK MANAGEMENT

The Board of Directors of the Company has formed a board risk management committee to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan, ensuring its effectiveness and verifying adherence to various risk parameters. The Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee 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 4"**.

27. 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.

As per the provisions of Section 135 of the Companies Act, 2013, companies having net worth of INR 500 crore or more, or turnover of INR 1,000 crore or more or a net profit of INR 5 crore or more during the immediately preceding financial year are required to constitute a Corporate Social Responsibility (CSR) committee of the Board and such company shall spend at least 2% of the average net profits of the company's three immediately preceding financial years towards CSR activities.

Accordingly, Fusion has spent INR 10,087,969/- towards CSR activities during the financial year 2019-20. The detail of the CSR Report for the year 2019-20 is attached as **"ANNEXURE 5"** to this Report. Contents of the CSR policy is also available on the Company's website at http://www.fusionmicrofinance.com/pdf/Fusion_CSR_Policy.pdf.

28. 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 was carried out for the financial year 2019-20 led by the Nomination & Remuneration Committee. 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.

29. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM/WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES

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.

30. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any subsidiary or associate, nor has entered any joint venture with any organization.

31. DETAILS OF 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 2019-20, 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.

32. INTERNAL FINANCIAL CONTROLS

In pursuant to the Section 134(5) (e) of the Companies Act, 2013, 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.

33. SEXUAL HARASSMENT

Pursuant to the 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. No complaints were received during the financial year 2019-20. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

34. CORPORATE GOVERNANCE

Fusion's 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 ("Board") 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 Fusion. 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 2"**.

35. MANAGERIAL REMUNERATION

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) thereof for the time being in force, the details of remuneration etc. of Directors, Key Managerial Personnel and employees covered under the said Rules is attached as **"ANNEXURE 6"** which forms part of this report.

36. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act 2013, 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, 2019, 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 at the end of the financial year and of the profits of the company for that period;

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.

37. 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.

38. LISTING

During the year, the company has issued Non-Convertible Debentures, out of which some debentures were listed on BSE Limited. The listing fees to the Stock Exchange for the financial year 2020- 21 has been duly paid.

39. MAINTENANCE OF COST RECORDS

The Company is not required to maintain cost records as specified by the Central Government under sub- section (1) of Section 148 of the Companies Act, 2013.

40. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has duly complied with the applicable provisions of Secretarial Standard – 1 (Secretarial Standard on meetings of Board of Directors) and Secretarial Standard – 2 (Secretarial Standard on General Meetings) issued by the Institute of Company Secretaries of India.

41. ACKNOWLEDGEMENTS

The Board of Directors of the Company 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. The Board of 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 Microfinance industry.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Devesh Sachdev	Ratna Dharashree Vishwanathan
Place: New Delhi	(MD & CEO)	(Director)
Dated: June 24, 2020	DIN: 02547111	DIN: 07278291

ANNEXURE 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. Registration & Other Details:

i	CIN	U65100DL1994PTC061287
ii	Registration Date	Monday, September 5, 1994
iii	Name of the Company	Fusion Micro Finance Private Limited
iv	Category/Sub-category of the Company	Private Company NBFC-MFI
v	Address of the Registered office & contact details	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028
vi	Whether listed company	Yes, the Non -Convertible Debentures of the company are listed. However, equity shares of the company were not listed as on March 31, 2020
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	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

II. Principal Business Activities of The Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

S. No	Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1	Microfinance and related activities	64990	100.00%

III. Particulars of Holding, Subsidiary & Associate Companies

S. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NA	NA	NA	NA	NA

IV. Shareholding Pattern (Equity Share capital Break up as % to total Equity)
(i)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31- March-2019]				No. of Shares held at the end of the year [As on 31-March- 2020]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	50,10,150	-	50,10,150	7.62%	58,58,414	-	58,58,414	6.95%	-0.67%
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	50,10,150	-	50,10,150	7.62%	58,58,414	-	58,58,414	6.95%	-0.67%
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	50,10,150	-	50,10,150	7.62%	58,58,414	-	58,58,414	6.95%	-0.67%
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	0.00%	-	-	-	0.00%	0.00%
(2) Non Institutions									
a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	4,74,89,584	1,17,41,295	5,92,30,879	90.13%	6,47,02,473	1,17,41,295	7,64,43,768	90.65%	0.52%
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-	17,993	17,993	0.03%	-	37,468	37,468	0.04%	0.01%
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
c) Others (Employees/Trust)	-	14,61,566	14,61,566	2.22%	19,37,311	49,427	19,86,738	2.36%	0.14%
SUB TOTAL (B)(2):	4,74,89,584	1,32,20,854	6,07,10,438	92.38%	6,66,39,784	1,18,28,190	7,84,67,974	93.05%	0.67%
Total Public Shareholding (B)= (B)(1)+(B)(2)	4,74,89,584	1,32,20,854	6,07,10,438	92.38%	6,66,41,784	1,18,26,190	7,84,67,974	93.05%	0.67%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	5,24,99,734	1,32,20,854	6,57,20,588	100.00%	7,25,00,198	1,18,26,190	8,43,26,388	100.00%	-

(ii) Shareholding of Promoters

S No.	Shareholders Name	Shareholding at the beginning of the year April 01, 2019			Shareholding at the end of the year March 31, 2020			% change in shareholding during the Year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Devesh Sachdev	47,10,150	7.17%	-	55,53,414	6.59%	-	-0.58%
2	Mini Sachdev	3,00,000	0.45%	-	3,05,000	0.36%	-	-0.09%
	Total	50,10,150	7.62%	-	58,58,414	6.95%	-	-0.67%

(iii) Change in Promoters' Shareholding (Specify if there is no change)

S. No.	CHANGE IN PROMOTERS' SHAREHOLDING	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	DEVESH SACHDEV				
	At the beginning of the year	4,710,150	7.17%	4,710,150	7.17%
	Allotment of partly paid equity shares on 20/12/2019	843,264	1.00%	5,553,414	6.59%
	At the end of the year	5,553,414	6.59%	5,553,414	6.59%
2.	MINI SACHDEV				
	At the beginning of the year	300,000	0.45%	300,000	0.45%
	Transfer on 27/05/2019	5,000	0.01%	3,05,000	0.46%
	At the end of the year	305,000	0.36%	305,000	0.36%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Honey Rose Investment Ltd ("Warburg Pincus")				
	At the beginning of the year	28,629,450	43.56%	-	-
	Allotment on 20/12/2019	12,393,280	14.70%	-	-
	At the end of the year	-	-	41,022,370	48.65%
2.	Creation Investments Fusion, LLC				
	At the beginning of the year	15,321,043	23.31%	-	-
	Date wise increase/decrease during the year	-	-	-	-
	At the end of the year	-	-	15,321,043	18.17%
3.	Creation Investments Fusion II, LLC				
	At the beginning of the year	5,134,920	7.81%	-	-
	Allotment on 20/12/2019	4,819,609	5.71%	-	-
	At the end of the year	-	-	9,954,529	11.80%

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
4.	Oikocredit, Ecumenical Development Co-Operative Society U.A.				
	At the beginning of the year	6,606,375	10.05%	-	-
	Date wise increase/decrease during the year	-	-	-	-
	At the end of the year	-	-	6,606,375	7.83%
5.	Global Financial Inclusion Fund				
	At the beginning of the year	3,539,091	5.39%	-	-
	Date wise increase/decrease during the year	-	-	-	-
	At the end of the year	-	-	3,539,091	4.20%
6.	Fusion Employees Benefit Trust				
	At the beginning of the year	1,353,559	2.06%	-	-
	Allotment on 16/07/2019	549,647	0.83%	1,903,206	2.87%
	Transfer on 14/08/2019	(10,105)	(0.02%)	1,893,101	2.86%
	Transfer on 08/11/2019	(18,419)	(0.03%)	1,874,682	2.83%
	Transfer on 18/02/2020	(47,146)	(0.61)	1,827,536	2.22%
	At the end of the year	-	-	1,827,536	2.17%
7.	Sandeep Kumar Sharma				
	At the beginning of the year	15,000	0.02%	15,000	0.02%
	options exercised on 14/08/2019	5,000	0.02%	20,000	0.02%
	options exercised on 08/11/2019	2,000	0.01%	22,000	0.03%
	At the end of the year	-	-	22,000	0.03%
8.	Md. Modaswer Hossain				
	At the beginning of the year	-	-	-	-
	Transfer on 27/05/2020	2000	0.01%	2,000	0.01%
	options exercised on 18/02/2020	19,000	0.02%	21,000	0.02%
	At the end of the year			21,000	0.02%
9.	Ramesh Chaubey				
	At the beginning of the year	19,500	0.03%	19,500	0.03%
	Date wise increase/decrease during the year			-	-
	At the end of the year	-	-	19,500	0.03%
10.	Himanshu Dutt				
	At the beginning of the year	15,000	0.02%	15,000	0.02%
	Date wise increase/decrease during the year	-	-	-	-
	At the end of the year	-	-	15,000	0.02%

(v) Shareholding of Directors & KMP

S. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Devesh Sachdev	4,710,150	7.17%	-	5,553,414	6.59%	-	-0.58%
2	Pradip Kumar Saha	-	-	-		-	-	-
3	Ratna Vishwanathan	-	-	-	-	-	-	-
4	Kenneth Dan Vander Weele	-	-	-	-	-	-	-
5	Narendra Ostawal	-	-	-	-	-	-	-
6	Namrata Kaul*	-	-	-	-	-	-	-
7	Nitin Gupta**	-	-	-	-	-	-	-
8	Albert Hofsink**	-	-	-	-	-	-	-
9	Deepak Madaan	-	-	-	-	-	-	-
10	Gaurav Maheshwari	-	-	-	-	-	-	-

*appointed w.e.f. February 18, 2020

**Mr. Nitin Gupta & Mr. Albert Hofsink resigned w.e.f June 28, 2019 and December 20, 2019, respectively.

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in Rupees Millions

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	27,067.39	2,218.53	-	29,285.92
ii) Interest due but not paid	-	-	-	0.29
iii) Interest accrued but not due	186.96	49.84	-	236.80
Total (i+ii+iii)	27,254.35	2,268.37	-	29,523.01
Change in Indebtedness during the financial year				
Additions	18,071.06	348.71	-	18,419.76
Reduction	17,715.61	253.25	-	17,968.86
Net Change	355.45	95.46	-	450.90
Indebtedness at the end of the				
financial year				
i) Principal Amount	27,422.84	2,313.98	-	29,736.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	133.71	90.97	-	224.69
Total (i+ii+iii)	27,556.55	2,404.96	-	29,961.51

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

S. No.	Particulars of Remuneration	Mr. Devesh Sachdev DIN- 02547111 (MD & C EO)	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	13,106,650	13,106,650
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	342,217	342,217
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others (Bonus)	10,937,000	10,937,000
5	Others, please specify	-	-
	Total (A)	24,385,867	24,385,867
	Ceiling as per the Act		

B. Remuneration to other directors:

S. No	Particulars of Remuneration								TOTAL
1	Independent Directors	Pradip Kumar Saha	Ratna Vishwanathan	Namrata Kaul*	Nitin Gupta**				
	(a) Fee for attending board committee meetings	520,000	368,000	72,000	102,000				10,62,000
	(b) Commission	-	-	-	-				-
	(c)Others, please specify	-	-	-	-				-
	Total (1)	520,000	368,000	72,000	102,000				10,62,000
2	Other Non-Executive Directors					Kenneth Dan Vander Weele	Narendra Ostawal	Albert Hofsink**	
	(a) Fee for attending board committee meetings					-	-	-	-
	(b) Commission					-	-	-	-
	(c)Others, please specify					-	-	-	-
	Total (B)=(1+2)					-	-	-	-
	Total Managerial Remuneration	520,000	368,000	72,000	102,000	-	-	-	10,62,000
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-

*appointed w.e.f. February 18, 2020

**Mr. Nitin Gupta & Mr. Albert Hofsink resigned w.e.f June 28, 2019 and December 20, 2019, respectively.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
1.	Gross Salary	Mr. Deepak Madaan (Company Secretary)	Mr. Gaurav Maheshwari (Chief Financial Officer)	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,970,600	4,180,580	6,151,180
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	7,500	27,000	34,500
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	*Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	Others (Bonus)	900,000	1,600,000	2,500,000
5	Others, please specify	-	-	-
	Total	2,878,100	5,807,580	8,685,680

*During the Year 2019-20, Company Secretary & Chief Financial Officer each were granted 75,000 stock options under ESOP Scheme 2016.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any, (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Sd/-
Devesh Sachdev
(MD & CEO)
DIN: 02547111

Sd/-
Ratna Dharashree Vishwanathan
(Director)
DIN: 07278291

Place: New Delhi
Dated: June 24, 2020

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is more than just adherence to the statutory and regulatory requirements. It is equally about focusing on voluntary practices that underlie the highest levels of transparency & propriety. It is an integral element of Company's value system, management ethos and business practices. Good Corporate Governance is a continuing exercise and the Company is committed to ensure the same by focusing on strategic and operational excellence in the overall interest of its all stakeholders.

The Company's philosophy on corporate governance oversees business strategies and ensures transparent fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. Fusion has laid a strong foundation for making Corporate Governance a way of life by having a mix of persons of eminence and integrity at Board and leadership levels, including competent professionals across the organization and putting in place best systems, processes and technology.

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.

A detailed report on the Company's commitment at adopting good Corporate Governance Practices is shared below -

BOARD OF DIRECTORS ("BOARD"):

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.

BOARD COMPOSITION

As on March 31, 2020, the Board had 6 members, 1 of whom was Executive Director, 5 Non-Executive directors out of which 3 are Independent Directors including 1 Independent Woman Director. The Independence of a Director is determined by the criteria stipulated under Section 149 of the Companies Act, 2013 ("Act") and the maximum tenure of independent directors is in compliance with the Act. 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 Section 149 of the Companies Act, 2013. Independent Directors have also submitted declarations for the financial year 2020-21 confirming that they continue to meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013. The Board has taken on record the declarations submitted by the Independent Directors.

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.

None of the Non-Executive Directors holds any equity shares or convertible instruments of the Company during the financial year ended March 31, 2020.

BOARD MEETINGS & ATTENDANCE:

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.

The Company decide about the Board meeting dates in advance in consultation with Board of Directors and the respective committee members. Once approved, the schedule of the Board meetings and Committee meetings is communicated to the Directors to enable them to attend the meetings.

The Company Secretary of the Company draft the agenda for each meeting, along with explanatory notes, in consultation with the MD & CEO, and distribute these in advance to the directors & respective committee members. Every member of the board/committee can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the AGM. Additional meetings are held when necessary. The board has unrestricted access to all Company-related information, including that of our employees. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited.

As a practice, the Company Secretary communicates all important decisions taken by the Board Members/ Committee Members to the functional head of the concerned departments. An Action Taken Report (ATR) on the decisions taken and matters discussed in the previous meeting is outlined and placed in the succeeding meeting of the Board/ Board Committee for their consideration/ information and noting.

There are no inter-se relationships between the Board of Directors of the Company.

During the Financial Year 2019-20, the board met 5 (Five) times i.e. on May 27, 2019, August 14, 2019, November 08, 2019, December 20, 2019, and February 18, 2020. The details of the board meetings along with the attendance of each Director at the respective Board Meeting is tabled below:

ATTENDANCE OF DIRECTORS DURING THE FINANCIAL YEAR 2019-20

Name of Director	Category of Directors	Designation	No. of board meetings held in FY20	No. of board meetings attended in FY20	Whether last AGM attended	No of other Companies in which he/she is Director	No. of committees in which director is	
							Member	Chairman / Chairperson
Mr. Devesh Sachdev	Promoter and Executive	Managing Director & CEO	5	5	Yes	1	6	3
Mr. Pradip Kumar Saha	Non- Executive	Independent Director	5	5	No	1	3	3
Ms. Ratna Dharashree Vishwanathan	Non- Executive	Independent Director	5	4	No	2	3	1
*Ms. Namrata Kaul	Non- Executive	Independent Director	1	1	NA	8	3	1
Mr. Kenneth Dan Vander Weele	Non- Executive	Nominee Director	5	5	No	5	1	-
Mr. Narendra Ostawal	Non- Executive	Nominee Director	5	3	No	12	3	-
**Mr. Nitin Gupta	Non- Executive	Independent Director	1	1	No	5	Resigned	
**Mr. Albert Hofsink	Non- Executive	Nominee Director	3	3	No	-	Resigned	

*Ms. Namrata Kaul was appointed as Additional Director in the category of Independent Director w.e.f February 18, 2020.

**Mr. Nitin Gupta and Mr. Albert Hofsink resigned w.e.f. June 28, 2019 and December 20, 2019, respectively.

DETAILED REASONS FOR RESIGNATION OF INDEPENDENT DIRECTORS:

During the year, Mr. Nitin Gupta has resigned w.e.f. June 28, 2019. from the directorship of the Company due to his pre-occupation in other engagements.

COMPOSITION OF COMMITTEES:

The Company, as on March 31, 2020 had eight committees, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Board Risk Management Committee, Working Committee, Debenture Allotment Committee & Information Technology Strategy Committee.

The Company's guidelines relating to Board meetings are applicable to Committee meetings. Minutes of proceedings of Committee meetings are circulated to the committee members and placed before Board meetings for noting.

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 Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expediently. The Board oversees the functioning of the Committees. The Chairman of the respective Committees briefs the Board on significant discussions and decision taken at their respective meetings. Minutes of the Committee Meetings are placed in the subsequent Board Meeting for their noting.

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 is made with the primary objective to monitor and provide an effective supervision of the management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting as a measure of good Corporate Governance and also to meet the statutory provisions of the NBFC Regulations and Companies Act, 2013.

Majority of the members of the Committee are Independent Directors and all the members of the Audit Committee have the required qualification and expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management.

The Company Secretary acts as Secretary to this Committee.

Composition

During the financial year ended March 31, 2020, the committee met 4 times, i.e. on 27 May 2019, 14 August 2019, 08 November 2019 & 18 February 2020. The Committee was reconstituted on July 16, 2019 consequent to the resignation of Mr. Nitin Gupta & thereafter on February 18, 2020 consequent to the resignation of Mr. Albert Hofsink and appointment of Ms. Namrata Kaul on the Board of Directors of the Company.

The composition & attendance during the financial year ended March 31, 2020 are as follows -

Name of the Member	Category	Number of meetings	
		Held during tenure	Attended
^Mr. Pradip Kumar Saha (Chairman)	Independent Director	4	4
Mr. Narendra Ostawal	Nominee Director	4	3
*Ms. Namrata Kaul	Independent Director	-	-
**Ms. Ratna Vishwanathan	Independent Director	3	2
***Mr. Nitin Gupta	Independent Director	1	1

^designated as Chairman of the committee w.e.f. July 16, 2019.

*Appointed as member of Committee we.f. February 18, 2020.

**appointment as the member of the committee on reconstitution w.e.f July 16, 2019 till February 18, 2020.

***ceased to be the member of the Committee upon resignation from the Board w.e.f. June 28, 2019.

Terms of Reference of the Audit Committee is as follows:

A) Financial Reporting

The Committee shall review the following:

- The consistency of, and any changes to accounting policies.
- The methods used to account for significant or unusual transactions where different approaches are possible.
- Whether the company has followed appropriate accounting standards and made appropriate estimates and judgement, taking into account the views of the external auditor.
- The clarity of disclosures in the company's financial reports and the context in which statements are made.
- All material information presented with the financial statements, such as the business review / operating and financial review; and
- All related party transactions.

B) Internal Audit

The Committee shall review the following:

- Monitor & review the effectiveness of the Company's internal audit function in the context of the overall Risk Management System.
- Approve the appointment & removal of internal auditor
- Review and assess the annual internal audit plan.
- Review reports from the internal auditor.
- Review and monitor the findings & recommendations of the internal auditor.

C) External Audit

The Committee shall review the following:

- Consider and makes recommendations to the Board in relation to appointment & removal of company's external auditors. The Committee shall oversee the selection process of a new auditor and, if an auditor resigns, the Committee shall investigate the issues leading to his resignation and decide whether any action is required.

- Review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.

- Oversee the relationship with the external auditor including (but not limited to)

  a. Recommendations on their remuneration, whether fees for audit & non audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted.

  b. Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of audit.

  c. Satisfying itself that there are no relationship (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business).

  d. Monitor the auditor's compliance with relevant ethical & professional guidance on the rotation of audit partner.

- The Committee shall meet the external auditor at least once a year, without the executive being present, to discuss the auditor's report and any issue arising from the audit.

- Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.

- Review the findings of the audit with external auditor. This shall include:-

1. Discussion of any major issues which arose during the audit.

2. Any accounting & audit judgements.

3. Level of errors identified during the audit.

4. The effectiveness of the audit.

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.

The Committee also review the quarterly financial statements (unaudited) and also place them before the Board for their approval on the same.

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

During the financial year ended March 31, 2020, the committee met 4 times, i.e. on 27 May 2019, 14 August 2019, 08 November 2019 & 18 February 2020.

The composition & attendance during the financial year ended March 31, 2020 are as follows –

Name of the Member	Category	Number of meetings	
		Held during tenure	Attended
Mr. Pradip Kumar Saha (Chairman)	Independent Director	4	4
Mr. Devesh Sachdev	Managing Director, Executive Director	4	4
Ms. Ratna Vishwanathan	Independent Director	4	3

Terms of Reference

The terms of reference of the Corporate Social Responsibility Committee include:

- 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 to Companies Act, 2013

- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and

- Monitor the Corporate Social Responsibility Policy of the Company from time to time. The CSR policy is duly adhere to and in compliance with the Act in force.

3. REMUNERATION & NOMINATION COMMITTEE

Pursuant to the regulations framed by Reserve Bank of India, the Company being a Non-Deposit taking Non-Banking Finance Company has a Remuneration & Nomination Committee for the appointment of Directors of the Company. The committee shall also carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and the Directors of the Company.

Composition and Attendance at Meetings:

As on March 31, 2020, the Remuneration & Nomination committee comprises of four (4) members including two (2) Independent Directors.

During the financial year under the review, the Committee met 4 times, i.e. on 27 May 2019, 14 August 2019, 08 November 2019 & 18 February 2020. The Committee was reconstituted on July 16, 2019 consequent to the resignation of Mr. Nitin Gupta & thereafter on February 18, 2020 consequent to the appointment of Ms. Namrata Kaul on the Board of Directors of the Company.

The composition & attendance during the financial year ended March 31, 2020 are as follows –

Name of the Member	Category	Number of meetings	
		Held during tenure	Attended
Ms. Ratna Vishwanathan (Chairman)	Independent Director	4	3
Mr. Kenneth Dan Vander Weele	Nominee Director	4	4
Mr. Narendra Ostawal	Nominee Director	4	3
*Ms. Namrata Kaul	Independent Director	-	-
**Mr. Pradip Kumar Saha	Independent Director	3	3
***Mr. Nitin Gupta	Independent Director	1	1

*appointed as member of the committee w.e.f. February 18, 2020.

**appointment as the member of the committee on reconstitution w.e.f July 16, 2019 till February 18, 2020.

***Ceased to be the member of Committee upon resignation from the Board w.e.f. June 28, 2019.

Terms of Reference

The Company has in place the Nomination and Remuneration Committee in compliance with RBI guidelines on Corporate Governance and it broadly includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board the remuneration of the Directors.
- To ensure 'fit and proper' status of proposed/ existing Directors.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- To assess the independence of Independent Non-Executive Directors.
- To review the results of the Board performance evaluation process that relate to the composition of the Board.
- Annual appraisal of the performance of the CEO.
- To also act as the ESOP committee for the purposes, administer and manage the ESOP Schemes.

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 2019-20 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

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, 2020, the committee met 4 times, i.e. on 27 May 2019, 14 August 2019, 08 November 2019 & 18 February 2020.

The composition & attendance during the financial year ended March 31, 2020 are as follows –

Name of the Member	Category	Number of meetings	
		Held during tenure	Attended
Mr. Devesh Sachdev (Chairman)	Managing Director, Executive Director	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 the directions framed by RBI for monitoring the risk and to strategize action to mitigate risks associated with the functioning of the Company. The Committee was reconstituted on February 18, 2020 consequent to the resignation of Mr. Albert Hofsink and appointment of Ms. Namrata Kaul on the Board of Directors of the Company.

Composition

During the financial year ended March 31, 2020, the committee met 4 times, i.e. on 27 May 2019, 14 August 2019, 08 November 2019 & 18 February 2020. The Committee was reconstituted on February 18, 2020 consequent to the resignation of Mr. Albert Hofsink from the Board of Directors of the Company.

The composition & attendance during the financial year ended March 31, 2020 are as follows –

Name of the Director	Category	Number of meetings	
		Held during tenure	Attended
Mr. Pradip Kumar Saha (Chairman)	Independent Director	4	4
Mr. Devesh Sachdev	Managing Director, Executive Director	4	4
Mr. Narendra Ostawal	Nominee Director	4	3
Mr. Satish Mani	VP – Risk & Audit	4	4
*Mr. Albert Hofsink	Nominee Director	3	3

*Ceased to be the member of Committee upon resignation from the Board w.e.f. December 20, 2019.

Terms of Reference

The Committee has with the following roles and responsibilities:

1. The BRMC is the authority that can approve, revise, or cancel policies related to risk management. The Policy which needs full Board approval is the General Risk Management Policy.
2. Tasks of the BRMC include reviewing and approving policies and methodologies and reviewing risk reports.
3. The BRMC defines the list of policies that are appropriate for Fusion. Such policies are modified over time and additional policies are introduced to cover Fusion's operations as and when it expands.
4. For each risk category the BRMC will establish a separate policy. The broad risk categories are
   - Credit Risk,
   - Operational Risk,
   - Liquidity, Funding and Interest Rate Risk and
   - Other Market Risks that may arise in the future (including FX related risks)
5. The BRMC requires reports for all sources of risks produced by various risk owners (department heads). The BRMC should review the content as well as the structure of these reports.
6. The BRMC will meet regularly, at least on a quarterly basis.

6. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

During the financial year ended March 31, 2020, the committee met 2 times, i.e. on 27 May 2019 and 08 November 2019. The Committee was reconstituted on July 16, 2019 consequent to the resignation of Mr. Nitin Gupta & thereafter on February 18, 2020 consequent to the appointment of Ms. Namrata Kaul on the Board of Directors of the Company and appointment of Mr. Naveen Mangle as a Senior Vice President -IT.

The composition & attendance during the financial year ended March 31, 2020 are as follows –

Name of the Director	Category	Number of meetings	
		Held during tenure	Attended
^Ms. Namrata Kaul (Chairperson)	Independent Director	-	-
Mr. Devesh Sachdev	Managing Director, Executive Director	2	2
*Mr. Naveen Mangle	Senior Vice President -IT	-	-
**Mr. Modaswer Hossain	DVP – IT & Operations	2	2
**Mr. Pradip Kumar Saha	Independent Director	1	1
***Mr. Nitin Gupta	Independent Director	1	1

^appointed and designated as Chairperson of the committee w.e.f. February 18, 2020.

*appointed as member of Committee w.e.f. February 18, 2020.

**ceased to be the member of the committee w.e.f. February 18, 2020.

***ceased to be the member of the Committee upon resignation from the Board w.e.f. June 28, 2019.

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.

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

(i) Details of the remuneration paid to Executive Directors in the Financial Year 2019-20

Name of Director	Designation	Amount
Mr. Devesh Sachdev	MD & CEO	24,385,867
TOTAL		24,385,867

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 Companies Act, 2013.

The details of Sitting Fees paid to Non - Executive Independent Directors for attending the meeting the Board & relevant Committees during the Financial Year 2019-20 are as under:

Name of Director	Designation	Sitting Fees
		Board Meeting & Committee
Mr. Nitin Gupta	Independent Director	INR 1,02,000
Mr. Pradip Kumar Saha	Independent Director	INR 5,20,000
Ms. Ratna Vishwanathan	Independent Director	INR 3,68,000
*Ms. Namrata Kaul	Independent Director	INR 72,000
Total		INR 10,62,000

*appointed w.e.f February 08, 2020.

There were no other pecuniary relationships or transactions of the Non-Executive Directors and Independent Directors vis-à-vis the Company and during the financial year under the review no ESOP was granted to any director of the Company.

GENERAL BODY MEETINGS

ANNUAL GENERAL MEETING (AGM)

The details of the Annual General Meetings (AGM) of the shareholders held during the last 3 years are given below:

AGM for Financial Year	Date	Time	Venue	No. of Special Resolutions passed
2019-20	29.06.2019	11:00 A.M	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	3
2018-19	26.06.2018	11:00 A.M.	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	4
2017-18	30.06.2017	11:00 A.M.	H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	4

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
2019-20	05.12.2019	11:00 A.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	2
	20.12.2019	05:45 P.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	1
2018-19	28.08.2018	04:00 P.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	2
	12.10.2018	11:00 A.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	1
	05.12.2018	06:30 P.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	3
	25.03.2019	11:00 A.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	3
2017-18	27.12.2017	04:00 P.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	1
	22.01.2018	04:00 P.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	1
	27.01.2018	04:00 P.M.	H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028	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, 2020 are given as under:

Name of the NCD	Address	No. of NCD
IFMR FImpact Investment Private Limited	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai 600113	100
PETTELAAR EFFECTENBEWAARBEDRIJF N.V. (ASN Microcredit Fund TJ)	Nachtwachtlaan 20 – 6th Floor, 1058 EA, Amsterdam The Netherlands	526
Blue Orchard (Microfinance Fund)	11-13, Boulevard, de la foire, L-1528, Luxembourg	470
UTI International Wealth Creator 4 (responsibility)	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	350
UTI International Wealth Creator 4 (responsibility)	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius	550
Incofin CVBA	Sneeuwbeslaan 20, 2610 Antwerpen, Belgium	310
Hindulja Leyland Finance	Hinduja Leyland Finance, No.27 A Developed Industrial,Estate, Guindy, Chennai – 600032	200
AAV Sarl-Symboitic III	2-8 avenue Charles de Gaulle, L-1653 Luxembourg	190
AAV Sarl-Symboitic IV	20, Rue de la Poste, L-2346 Luxembourg, Grand Duchy of Luxembourg	35
Triodos Microfinance Fund	11-13 boulevard de la foire, L-1528 Luxemburg, Grand Duchy of Luxembourg	315
Triodos Fair Share Fund	Nieuweroordweg 1, 3704 EC, Zeist, the Netherlands	315
IFMR Fimpact Long term Credit Fund	10th Floor, IIT M Research Park, 1, Kanagam Village, Taramani, Chennai, India-600 113	350

Name of the NCD	Address	No. of NCD
IFMR Fimpact Medium Term Opportunity Fund	10th Floor, IIT M Research Park, 1, Kanagam Village, Taramani, Chennai, India-600 113	150
IFMR Fimpact Income Builder Fund	10th Floor, Phase 1, IIT Madras Research Park, Kanagam Village, Taramani, Chennai – 600113	250
Northern Arc Capital Limited	10th Floor, Phase 1, IIT Madras Research Park, Kanagam Village, Taramani, Chennai – 600113	300
Incofin CVSO CVBA-SO	Incofin CVSO CVBA-SO, Ravensteinstraat 1, Gent, Belgium	25

REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDS) DURING THE FY 2019-20

During the financial year 2019-20 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.	BlueOrchard Microfinance Fund	August 07, 2018	340	10,00,000	February 07, 2020	Fully
2.	Microfinance Enhancement Facility SA, SICAV-SIF	August 07, 2018	340	10,00,000	February 07, 2020	Fully
3.	AAV SARL	June 28, 2016	601	10,00,000	July 13, 2019	Fully

DEBENTURE TRUSTEES DETAILS:

The Debenture Trustees are as follows:

DEBENTURE TRUSTEE	REGISTERED OFFICE ADDRESS
CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA)	Office No. 83-87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021
AXIS TRUSTEE SERVICES LIMITED	Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai-400 025.
VISTRA ITCL (INDIA) LIMITED	IL & FS Financial Centre, Plot No C22, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra-400051

MEANS OF COMMUNICATION:

a. The half yearly results during the year were published in the national English Newspapers and also on the website of the company i.e. www.fusionmicrofinance.com.

b. During the financial year 2019-20, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Audited Financial Results for the year ended March 31, 2020	The Financial Express (English)	May 28, 2019
Un-audited Results for the Half Year ended September 30, 2019	Mint (English)	November 09, 2019

REGULAR UPDATES:

The Company sends Quarterly newsletter to the Board Members, stakeholders and keeps them updated on the happenings in 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: July 28, 2020

Time: 11:00 A.M.

Venue: H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028

Financial year: April 1, 2019 to March 31, 2020

Listing Fees: The Debentures of the Company are listed on BSE Limited (BSE) and the listing fees payable to the Stock Exchange for the financial year 2019-20 has been paid in full.

Dividend payment date: No dividend was declared for the Financial year 2019 – 20.

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.

In case of 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:

In – house share transfer facility for transfers of shares is being maintained. All share transfer in physical form are registered and sent back within the stipulated time limit from the date of their lodgment, subject to the documents being valid and complete in all respects.

OUTSTANDING GDRS/ ADRS/ WARRANTS OR CONVERTIBLE INSTRUMENTS:

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments as on 31st March, 2020, 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.

CREDIT RATING

CARE has assigned Grading of **"MFI 1"** and Rating of **'A-'** on the Long- Term Bank Facilities (amounting to INR 1,500 Cr) and on Non-Convertible Debentures (amounting to INR 85 Cr). The Company has also been assigned rating as **'A-'**by **CRISIL** on the Long- Term Bank Facilities (amounting to INR 500 Cr) and rating of **'A-'** by **ICRA** on Non-Convertible Debentures (amounting to INR 543.50 Cr).

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, 2020 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 listed entity 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.

DISCLOSURE AND TRANSPARENCY

At regular intervals, the Company placed the following information/reports to the Board of Directors:

Report on progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.

Statement of conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

The Annual Financial Statements, also include the following details:

- registration/ license/ authorization, by whatever name called, obtained from another financial sector regulators.
- ratings assigned by credit rating agencies and migration of ratings during the year.
- penalties, if any, levied by any regulator.
- Asset-Liability profile, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures as required.
- The particulars of transactions between the Company and its related parties, as defined under Section 2(76) of the Companies Act, 2013 and in Indian Accounting Standard - 24, are set out in the financial statements.
- The Company has a record of unqualified financial statements since inception.

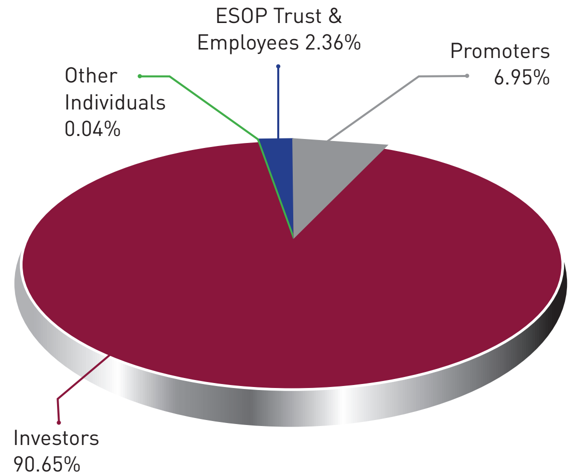
DEMATERIALISATION OF SHARES AND LIQUIDITY

It has also been noted that the shareholding in dematerialized mode as on March 31, 2020 was 85.97%.

Shareholding pattern as on March 31, 2020 –

Shareholder Group	Shares	Amount	Stake %
Promoters	*5,858,414	23,100,092	6.95%
Investors	76,443,768	764,437,680	90.65%
Other Individuals	37,468	374,680	0.04%
ESOP Trust & Employees	1,986,738	19,867,380	2.36%
Total	8,43,26,388	80,77,79,832	100.00%

*includes 3,942,672 partly paid up shares at which Re. 1 were paid till date



Address for Correspondence
Mr. Deepak Madaan
Company Secretary
Fusion Micro Finance Private Limited
H-1, C Block, Community Centre,
Naraina Vihar, New Delhi-110028 Tel: +91 46646600
Website: www.fusionmicrofinance.com

For and on behalf of the Board of Directors

Sd/-
Place: New Delhi **Devesh Sachdev**
Date: June 24, 2020 MD & CEO

CEO & CFO Certificate

The Board of Directors

Fusion Microfinance Private Limited

This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31st March 2020 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.

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/-
Gaurav Maheshwari	**Devesh Sachdev**
CFO	MD & CEO

Place: New Delhi

Date: June 24, 2020

Secretarial Audit Report

ANNEXURE 3

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

To,

The Members,

Fusion Micro Finance Private Limited

H-1, C Block, Community Centre, Naraina Vihar

New Delhi-110028

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Fusion Micro Finance Private Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ('Audit Period') 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 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 thereunder;

(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'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; Not Applicable

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable

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

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable as there was no reportable event during the year

(vi) Other laws applicable specifically to the Company namely:

- The provisions relating to non-banking companies under the Reserve Bank of India Act, 1934 and policies and directions issued by the Reserve Bank of India.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above. The Company has broadly complied with the Secretarial Standards. However, during the year the Company was not able to spent the allocated/budgeted amount under Corporate Social Responsibility expenditure, though, the same was above the statutory requirement of at least two percent of the average net profit for the directly preceding three financial years.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in case of urgent business, 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.

As per the minutes duly recorded and signed, the decisions of the Board were not specifically recorded as unanimous, however, as no dissenting view was found therein it may be implied that decisions were unanimous.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period the Company has following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) Allotment of 549,647 (Five Lakh Forty Nine Thousand Six Hundred Forty Seven) equity shares having a face value of ₹ 10.00 (Rupees Ten only) at a premium of ₹ 144.04 (Rupees One Hundred Forty Four and Four Paisa only) to Fusion Employees Benefit Trust

(ii) Issue and allotment of 350 (Three Hundred Fifty) Rated, Listed, Unsecured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of face value of ₹ 10,00,000 (Rupees Ten lakh) each

(iii) Issue and allotment of 17,212,889 (One Crore Seventy Two Lakh Twelve Thousand Eight Hundred Eighty Nine) fully paid up equity shares having a face value of ₹ 10.00 (Rupees Ten only) at a premium of ₹ 280.48 (Rupees Two Hundred Eighty and Four Eight Paisa Only) and (b) 843,264 (Eight Lakh Forty Three Thousand Two Hundred Sixty Four) partly paid up equity shares having a face value of ₹ 10.00 (Rupees Ten only) at a premium of ₹ 280.48 (Rupees Two Hundred Eighty and Four Eight Paisa Only) on preferential basis.

(iv) Redemption of 680 (Six Hundred Eighty) Non-convertibles Debentures of ₹ 1,000,000/- (Rupees Ten lakh) each

(ALOK CHANDRA SINGH)

FCS No.7970, C.P.No.:8976

Place: Ghaziabad

Date: 24-06-2020

UDIN: F007970B000377394

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.

ANNEXURE A

To,

The Members,

Fusion Micro Finance Private Limited

Our report of even date is to be read along with this letter.

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 based 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. Due to lockdown imposed by the Central Government and state governments in the wake of COVID-19, the documents and information were not physically verified. Wherever required, the Company has provided the certified copies or extracts of the records and documents. I have also relied upon 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.

(ALOK CHANDRA SINGH)

FCS No.7970, C.P.No.:8976

UDIN: F007970B000377394

Place: Ghaziabad

Date: 24-06-2020

Management Discussion and Analysis Report

ECONOMIC OVERVIEW

At the beginning of FY 2019-20 there was an expectation of higher growth as the economy projected to have overcome the teething troubles of the Goods and Service Tax (GST) & impact of demonetization. However, the last quarter of the FY, the organizations across the globe have undergone an unprecedented change and transformation in their businesses led by the impact of COVID 19 pandemic.

The economic shock of the COVID-19 pandemic inevitably has invited comparisons to the global financial crisis of 2008-09. These crises are similar in certain respects but very different in others. As in 2008-09, governments have again intervened with monetary and fiscal policy to counter the downturn and provide temporary income support to businesses and households. But restrictions on movement and social distancing to slow the spread of the disease has led to the shortage of labour supply, transport and travel, which are today directly affected in many ways. Whole sectors of national economies have been shut down, including hotels, restaurants, non-essential retail trade, tourism and significant shares of manufacturing. Under these circumstances, forecasting requires strong assumptions about the progress of the disease and a greater reliance on estimates rather than reported data.

Going forward: The COVID-19 pandemic has set foot in India as across the globe and is likely to impact the country's economy across industries and business formats. However, despite a slower curve of infection, the impact has been ruthless in many ways in India. The initial 21-day lockdown period had been estimated to cost nearly $4.5 billion every single day. Despite about half of the nation's businesses being adversely affected, and supply chains having fallen victim to the pandemic, there does appear a silver lining in the dark clouds. India has so far managed to keep a relatively flatter infection curve in its battle against the pandemic. When compared to other countries, it does appear to have a better chance of pulling off with lesser collateral damage, at least for the time being. However, several factors are already playing in, or might play out, during the course of these events, and these might prove to be favorable for India to become a major trade and commerce player in the world.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The microfinance industry in India, which had witnessed a rise in delinquencies and negative impact on asset quality following demonetization in 2016, is closely monitoring the impact, if any, of the Covid-19 outbreak on the sector. It is to be noted in the period immediately following demonetization in 2016, the overall collection efficiency in the microfinance sector (MFIs and small finance banks put together) had majorly dropped, thereby affecting asset quality.

However, the industry started showing signs of improvement in asset quality from early 2017 onwards with collection efficiency improving to 93 per cent in 2017 and over 98 per cent by September 2019. The industry, however, does not expect any significant impact of the outbreak on the asset quality. Moreover, Covid-19 is more of an "urban phenomena" and since microfinance largely deals with lending in rural and semi-urban areas, it is not likely to get affected. Though, the Company will assess how it spreads out in the coming months in the rural areas.

The Reserve Bank of India ("RBI") on April 17, 2020 announced a targeted long-term repo operations (TLTRO) of ₹50,000 crore that will benefit non-banking finance companies (NBFCs) and micro- finance institutions (MFIs), a move that will help small and medium-sized businesses. The funds availed by banks under TLTRO 2.0 should be invested in investment-grade bonds, commercial paper, and non-convertible debentures of NBFCs, with at least 50 percent of the amount going to small and midsized NBFCs and MFIs, the central bank said in a statement.

The RBI has also announced a ₹50,000 crore Special Liquidity Scheme to enable National Bank for Agriculture & Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and National Housing Bank to meet the needs of Non-Banking Finance Companies (NBFCs) and housing finance companies (HFCs) by way of refinance, to improve their liquidity position in order to avoid any potential systemic risks to the financial sector.

COMPANY OVERVIEW

Fusion Microfinance is a registered NBFC – MFI which operates in a Joint Liability Group lending model of Grameen. Established in 2010, the Company focuses on reaching out to unbanked and providing financial services to women entrepreneurs – 100% of its client comprise women living in rural and semi-urban areas. The Company's responsibilities extend beyond financial support to educating clients on financial literacy.

Headquartered in New Delhi, 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 stellar performance in 2019-20. From an operational perspective, the Company has taken important strides which promise to make its profitable growth sustainable.

The Company has extended its footprint across 18 Indian states. It increased its branch network by 88 branches which has helped in strengthening its customer base to 1,856,372 as on March 31, 2020.

Further, the Company has focused on deploying digital solutions for its business processes for improving accuracy and productivity. While cashless disbursements have increased significantly, digital solutions are also being developed for strengthening internal processes.

FINANCIAL PERFORMANCE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
Interest Income	6,664.88	4,693.74
Fees and commission Income	34.64	66.51
Net gain on fair value changes	231.57	182.89
Net gain on derecognition of financial instruments under amortized cost category	271.55	-
Total Revenue from operations	7,202.64	4,943.14
Other Income	100.47	27.39
Total Income	7,303.11	4,970.53
Expenses		
Finance Costs	3,376.72	2,539.89
Impairment on financial instruments	926.99	206.75
Employee benefits expenses	1,483.33	1,033.33
Depreciation and amortization	25.76	23.87
Other expenses	490.36	482.66
Total Expenses	6,303.16	4,286.50
Profit before tax	999.95	684.03
Tax Expense:		
Current Tax	395.99	206.61
Deferred Tax	(92.14)	(29.27)
Profit for the year	696.10	506.69
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Re-measurement gains/(loss) on defined benefit plans	6.46	2.28
Income tax effect	(1.40)	(0.80)
	5.06	1.48
Total Comprehensive Income for the year	701.16	508.17

OUTLOOK FOR 2020-21

The microfinance institutions (MFIs), which are currently feeling the pinch of the COVID-19 with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry. The MFIs will concentrate more on protecting their existing portfolios once the lockdown is lifted. However, the short-to-medium-term impact of the COVID-19 out break and the subsequent measure of the lockdown to combat the pandemic seems to be more on the urban sector as compared to agriculture-based rural activities. MFIs with more exposure in urban sectors will face more difficulties than a lending institution having a large number of rural sector borrowers.

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 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's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically.

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. 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

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of the employees.

Fusion believes in the potential of employees to go beyond and be the game-changing force for business transformation and success. This potential is harnessed by fostering an open and inclusive work culture that enables breakthrough performance and comprehensive development of employees through the three pillars of Leading Self, Leading Teams and Leading Business. Progressive HR policies and ongoing employee engagement initiatives, guided by our culture, have made your Company an industry benchmark for talent retention.

The Company is committed to creating a professional culture to nurture & enable people to grow in their careers alongside company's success. Company constantly strives to strengthen our manpower 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.

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 Microfinance Private Limited

	Sd/-	Sd/-
	Devesh Sachdev	Ratna Dharashree Vishwanathan
Place: New Delhi	(MD & CEO)	(Director)
Dated: June 24, 2020	DIN: 02547111	DIN: 07278291

ANNEXURE 5

Annual Report on CSR Activities to be Included in the Board's Report

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Policy Statement

In alignment with the vision of the company, FMPL, 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.

Organization Setup

The CSR projects in FMPL are implemented under the guidance of the Board's Sub-Committee on CSR which presently comprises three directors out of which two are Independent Directors. The terms of reference of the Committee is given below:

a) 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 to Companies Act, 2013;

b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and

c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Scope of activities

The CSR activities of FMPL are as per the provisions of Schedule VII of the Companies Act, 2013.

2. **The Composition of the CSR Committee.**

The CSR Committee comprised Three (3) Members including Two (2) Independent Directors. The committee consists of the following members:

S. No.	NAME	DESIGNATION
1.	Mr. Pradip Kumar Saha	Chairman
2.	Mr. Devesh Sachdev	Member
3.	Ms. Ratna Dharashree Vishwanathan	Member

3. **Average net profit of the company for last three financial years**

INR 13,14,45,886

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

INR 26,28,918

5. **Details of CSR spent during the financial year.**

a) Total amount to be spent for the financial year 2019-20: INR 1,20,00,000*

b) Amount Spent: INR 1,00,87,969

c) Amount unspent, if any; INR 19,12,031

d) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (in Rs.)**	**Amount spent on the projects or programs sub- heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent Direct or through implementing agency**
1	Financial Literacy Program (38)	Promoting Education	Uttar Pradesh, Bihar, Odisha, Rajasthan, Madhya Pradesh, Punjab, Haryana, Tamil Nadu, Gujarat, Chhattisgarh, Jharkhand, Uttarakhand	NA	1508077	1508077	Direct
2	Digital Literacy Program (20)	Promoting Education	Haryana, Uttarakhand, Madhya Pradesh, Uttar Pradesh, Rajasthan, Bihar, Jharkhand	NA	783056	783056	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in Rs.)	Amount spent on the projects or programs sub- heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
3	Project Shiksha - Scholarship Program (6)	Promoting Education	Bihar, Haryana, Jharkhand, Madhya Pradesh, Rajasthan, Uttar Pradesh, Gujarat, Chhattisgarh, Uttarakhand, Punjab	NA	1301046	1301046	Implementing Agency
4	Fusion Ki Pathshala - Literacy program for school children (2)	Promoting Education	Uttarakhand	NA	58533	58533	Implementing Agency
5	Stationery Distribution Program (2)	Promoting Education	Madhya Pradesh	NA	42403	42403	Direct
6	Children's Day Celebration (2)	Promoting Education	Uttarakhand, Madhya Pradesh	NA	39679	39679	Direct
7	Volunteer Day (2)	Promoting Education	Delhi	NA	39735	39735	Direct
8	Educational Support to girl students (1)	Promoting Education	Hyderabad	NA	105000	105000	Direct
9	Health check-up camps (31)	Promoting Healthcare	Assam, Maharashtra, Uttarakhand, Jharkhand, Bihar, Uttar Pradesh, Odisha, Tamil Nadu, Madhya Pradesh, Haryana, Punjab	NA	1343755	1343755	Implementing Agency
10	Eye check-up camps (4)	Promoting Healthcare	Jharkhand, Gujarat, Madhya Pradesh	NA	177930	177930	Implementing Agency
11	National Nutrition Month (5)	Promoting Healthcare	Jharkhand, Odisha, Tamil Nadu, Rajasthan, West Bengal	NA	220084	220084	Implementing Agency
12	Menstrual Hygiene Management Program (1)	Promoting Healthcare	Bihar	NA	58225	58225	Implementing Agency
13	Cancer Screening Program (1)	Promoting Healthcare	Bihar	NA	67132	67132	Implementing Agency
14	Wheelchair Distribution Program (8)	Promoting Healthcare	Odisha, Jharkhand, West Bengal, Rajasthan, Punjab, Tamil Nadu, Uttar Pradesh	NA	454749	454749	Direct
15	Mega health camp (1)	Promoting Healthcare	Madhya Pradesh	NA	37500	37500	Implementing Agency
16	Donation for treatment ofcancer patients (1)	Promoting Healthcare	Delhi	NA	152500	152500	Direct
17	Shawl Distribution Program (2)	Eradicating Poverty	Odisha	NA	63437	63437	Direct
18	Jivika: Skill Development Program (8)	Vocational Skills	Jharkhand, Madhya Pradesh, Haryana, Uttar Pradesh, Bihar	NA	650218	650218	Implementing Agency
19	Cyclone Fani Relief Work (4)	Disaster Management	Odisha	NA	285362	285362	Direct
20	Flood Relief Work (29)	Disaster Management	Bihar, Assam, Madhya Pradesh	NA	1077102	1077102	Direct
21	COVID - 19 Welfare program (1)	Disaster Management	Bihar	NA	279700	279700	Implementing Agency
22	Solar Lights Distribution (2)	Ensuring Environmental Sustainability	Odisha	NA	107056	107056	Direct
23	Project Jal – Drinking Water solution (3)	Promoting Sanitation	Odisha, West Bengal, Uttarakhand	NA	108531	108531	Direct
24	Sanitation Awareness Program (1)	Promoting Sanitation	Uttar Pradesh	NA	5700	5700	Direct
25	Toilet construction (2)	Promoting Sanitation	Uttarakhand	NA	79260	79260	Implementing Agency
26	Training of National Athletes (2)	Promoting Sports	Karnataka	NA	1000000	1000000	Direct
27	Sports Day Celebration (2)	Promoting Sports	Uttar Pradesh, Haryana	NA	42199	42199	Direct
	Total				1,00,87,969	1,00,87,969	

*the company approved the CSR budget of INR 1,20,00,000/- (more than ₹ 26,28,918/- i.e. the two per cent of the average net profit of the last three financial years or any part thereof), however, INR 1,00,87,969/- was spent during the FY 2019-20. Further, the Board has taken a decision to carry over the unspent budgeted amount to the next year.

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

   Not Applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

   The implementation and monitoring of FMPL's CSR Policy is in compliance with CSR objectives and Policy of the Company.

By order of the Board of Directors
For Fusion Microfinance Private Limited

SD/-

Devesh Sachdev
MD and CEO

For Fusion Microfinance Private Limited

SD/-

Pradip Kumar Saha
Chairman of CSR Committee

Place: New Delhi
Dated: June 24, 2020

ANNEXURE 6

Details of Managerial Remuneration as per Companies Act, 2013 for the FY 2019-20

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: 59:1
(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: 48% Chief Financial Officer: 16% Company Secretary: 42%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	11.46%
(iv)	the number of permanent employees on the rolls of company as on March 2020;	5,490
(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 11.46% and the average increase in the managerial remuneration (CEO, CFO & CS) was 35.33%
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

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	24,385,867	Full time employment	01-Jan-10	47	23	BSA Logistics	No
Tarun Mehndiratta	Chief Operating Officer	MBA	9,416,392	Full time employment	19-Jun-17	50	28	SBI Cards	No
Kamal Kumar Kaushik*	Chief Operating Officer	CA	7,569,715	Full time employment	22-Jul-19	47	20	Religare Housing Development Finance	No
Gaurav Maheshwari	Chief Financial Officer	CA, MBF	5,807,580	Full time employment	03-Feb-16	41	16	Avantha Group	No
Ankush Ahluwalia	Vice President	MBE	5,786,491	Full time employment	03-Aug-15	41	17	Magma Fincorp Ltd.	No
Satish Mani	Vice President	B.Com	38,41,334	Full time employment	08-Apr-15	48	26	GE Commercial Finance	No
Lekshmi Bhargavi	Vice President	MBA	3,566,728	Full time employment	22-Mar-18	42	16	Jana Urban Services for Transformation	No
Deepak Madaan	Vice President	CS	2,878,100	Full time employment	01-Jun-13	33	12	Almondz Capital and Management Services Ltd	No
Praveen Kumar	Dy. Vice President	MBA	2,677,298	Full time employment	12-Jan-15	45	16	Arohan Financial Service Pvt. Ltd.	No
Rohit Dhiman	Asst. Vice President	PG Mass Comm.	2,193,196	Full time employment	19-Sep-16	38	17	Metlife Insurance	No

* Inclusive of one-time joining bonus

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: Nil

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 Microfinance Private Limited

	Sd/-	Sd/-
	Devesh Sachdev	Ratna Dharashree Vishwanathan
Place: New Delhi	(MD & CEO)	(Director)
Dated: June 24, 2020	DIN: 02547111	DIN: 07278291

Independent Auditor's Report

To the Members of
Fusion Micro Finance Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Fusion Micro Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, 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 Ind AS 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 Ind AS 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, 2020, 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 54 of the financial statements, which describes the extent to which CoVID-19 Pandemic impact the Company's operations and financial results will depends on future developments, which are highly uncertain. 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 Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework (as described in note 48 of the Ind AS financial statements)	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP"). In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS. The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of reliable and supportable financial information. Further, the management has exercised significant judgement for giving an appropriate effect of the first-time adoption principles of Ind AS 101, as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under Reserve Bank of India (RBI) directions, to the extent applicable. In view of the material impact and complexities and significant judgement involved in implementing Ind AS, we have focused on this area in our audit.	• Read the Ind AS impact assessment performed by the management and the resultant changes made to accounting policies considering the requirements of the new framework. • Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date • Understood the financial statement closure process and the additional controls (including IT controls) established by the Company for transition to Ind AS. • Assessed the judgement applied by the management in determining its business model for classification of financial assets. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed the judgements applied by the management in reporting of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were different from the extant RBI Directions. • Assessed disclosures included in the Ind AS financial statements in accordance with the requirements of Ind AS 101, with respect to the previous periods presented.

Key audit matters	How our audit addressed the key audit matter
(b) Impairment of Financial instruments (including provision for expected credit losses) (as described in note 2.7 of the Ind AS 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. **Additional considerations on account of CoVID-19** Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020 read with advisory issued by the Microfinance Institutions Network dated March 30, 2020 ("MFIN advisory"), the Company has extended a moratorium to its borrower in accordance with its Board approved policy as described in Note 54. In accordance with the guidance from Institute of Chartered Accountants of India, extension of the moratorium to borrowers by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium period gets over. The Company has recorded a macroeconomic overlay of ₹ 510 million as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (CoVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the Company's operations and financial metrics (including impairment provisions on loans) will depend on further developments concerning the resumption of economic activity which are uncertain and incapable of estimation at this time. The actual credit losses for the next 12 months could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID-19 related developments, it is an area of material uncertainty and a key audit matter.	• Our audit procedures included 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 agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management function to assess the impact of lock-down on the business activities of the Company. • Reviewed the Company's policy with respect to moratorium pursuant to the RBI circular and MFIN advisory 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. • Assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of CoVID-19 and its impact on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
(c) IT systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures, assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting: • Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such 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 on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibilities of Management for the Ind AS 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 Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2020 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.

Other Matter

The comparative Ind AS financial statement of the Company for the year ended March 31, 2019, included in these audited financial statements, are based on the previously issued standalone financial, which were prepared in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and the applicable guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies statements for the year then ended, which were audited by the predecessor auditor whose report dated May 27, 2019 expressed an unmodified opinion on those standalone financial statements as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which has been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 Ind AS 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these Ind AS 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, 2020 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund 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: 20094533AAAADS6598

Place: Gurugram
Date: June 22, 2020

Annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Fusion micro finance private limited

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central government has not specified the maintenance of cost records under section 148(1) of Companies Act 2013, for the services of the company. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable and hence not commented upon.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues applicable to it. The provisions relating customs duty and excise duty are not applicable to the Company.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to customs duty and excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, Goods and Services tax and cess which have not been deposited on account of any dispute. The provisions relating customs duty and excise duty are not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised money by way of initial public offer or further public offer and hence not commented upon. Further, monies raised by the Company by way of term loan were applied for the purpose for which they were raised, though idle or surplus funds which were not required for immediate utilization have been invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of 5,007,600 and out of which an amount of 2,116,533 has been recovered. The services of the concerned employees have been terminated.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 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) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 20094533AAAADS6598

Place: Gurugram
Date: June 22, 2020

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 over financial reporting of Fusion Micro Finance Private Limited ("the Company") as of March 31, 2020 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 the 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. 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 20094533AAAADS6598

Place: Gurugram
Date: June 22, 2020

Balance Sheet
as at March 31, 2020

(₹ in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Assets				
Financial assets				
Cash and cash equivalents	3	5,396.67	7,239.71	4,951.06
Bank balances other than cash and cash equivalents	4	2,780.82	2,665.21	856.57
Trade receivables	5	31.39	6.09	4.80
Loans	6	33,429.73	25,720.36	12,913.31
Investments	7	5.00	5.00	5.00
Other financial assets	8	238.46	97.24	233.51
Non-financial Assets				
Current tax assets (net)	9	119.09	78.60	56.79
Deferred tax	10	305.02	214.31	185.82
Property, plant and equipment	11	58.98	53.51	47.25
Intangible assets	12	1.47	1.73	2.39
Other non-financial assets	13	33.31	23.45	18.14
Total assets		42,399.94	36,105.21	19,274.64
Liabilities and equity				
Liabilities				
Financial liabilities				
Trade payables	14	40.71	41.88	22.20
Debt securities	15	3,998.98	4,990.05	4,661.02
Borrowings (other than debt securities)	16	24,571.58	23,130.35	10,150.40
Subordinated liabilities	17	1,166.29	1,165.49	1,168.70
Other financial liabilities	18	513.28	419.12	461.86
Non-financial liabilities				
Current tax liabilities (net)	19	0.53	0.38	3.57
Provisions	20	57.72	52.90	38.36
Other non-financial liabilities	21	61.96	46.50	28.57
Equity				
Equity share capital	22	789.50	615.77	441.83
Other equity	23	11,199.39	5,642.77	2,298.13
Total liabilities and equity		42,399.94	36,105.21	19,274.64
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 : June 22, 2020

for and on behalf of the Board of Directors of
Fusion Micro Finance Private Limited
CIN:U65100DL1994PTC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary

Gaurav Maheshwari
Chief Finance Officer

Place: New Delhi
Date : June 22, 2020

Statement of profit and loss
for the year ended March 31, 2020

(₹ in millions unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	24	6,664.88	4,693.74
Fees and commission income	25	34.64	66.51
Net gain on fair value changes	26	231.57	182.89
Net gain on derecognition of financial instruments under amortised cost category	27	271.55	-
Total revenue from operations		7,202.64	4,943.14
Other income	28	100.47	27.39
Total income		7,303.11	4,970.53
Expenses			
Finance costs	29	3,376.72	2,539.89
Impairment on financial instruments	30	926.99	206.75
Employee benefits expenses	31	1,483.33	1,033.33
Depreciation and amortization	11&12	25.76	23.87
Others expenses	32	490.36	482.66
Total expenses		6,303.16	4,286.50
Profit before tax		999.95	684.03
Tax Expense:			
Current tax	33	395.99	206.61
Deferred tax	33	(92.14)	(29.27)
Profit for the year		696.10	506.69
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on defined benefit plans		6.46	2.28
Income tax effect on above		(1.40)	(0.80)
		5.06	1.48
Total comprehensive income for the year		701.16	508.17
Earnings per equity share			
Basic (₹)	34	10.55	10.59
Diluted (₹)	34	10.40	10.45
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 : June 22, 2020

for and on behalf of the Board of Directors of
Fusion Micro Finance Private Limited
CIN:U65100DL1994PTC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary

Gaurav Maheshwari
Chief Finance Officer

Place: New Delhi
Date : June 22, 2020

Statement of Changes in equity
for the year ended March 31, 2020

(₹ in millions unless otherwise stated)

A Equity share capital

Particulars	As at April 1, 2018	Changes during the FY 2018-19	As at March 31, 2019	Changes during the FY 2019-20	As at March 31, 2020
Equity share capital (fully paid up)	419.71	206.50	626.21	177.63	803.84
Less: Treasury shares	(8.98)	(4.56)	(13.54)	(4.74)	(18.28)
Equity share capital (partly paid up)	1.10	2.00	3.10	0.84	3.94
Preference share capital	30.00	(30.00)	-	-	-
Total	441.83	173.94	615.77	173.73	789.50

B Other equity

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Statutory reserve	Securities premium	Employee stock option plan reserve	Retained earnings	Remeasurement gains on defined benefit plans	
Balance as at April 1, 2018	**52.52**	**2,288.28**	**7.61**	**(50.28)**	**-**	**2,298.13**
Total comprehensive income for the year	-	-	-	506.69	1.48	508.17
Issue of equity shares	-	2,886.66	-	-	-	2,886.66
Transfer to / from retained earnings	130.70	-	-	(130.70)	-	-
Share issue expenses	-	(5.67)	-	-	-	(5.67)
Dividend on 9% optionally convertible preference shares	-	-	-	(4.16)	-	(4.16)
Dividend distribution tax on preference dividend	-	-	-	(0.86)	-	(0.86)
Share based compensation	-	-	13.68	-	-	13.68
Exercise and lapse of share options	-	0.89	(1.41)	0.52	-	0.00
Adjustment relating to ESOP Welfare trust- refer Note 40 (d)	-	(53.18)	-	-	-	(53.18)
Balance as at March 31, 2019	183.22	5,116.98	19.88	321.21	1.48	5,642.77
Balance as at April 1, 2019	183.22	5,116.98	19.88	321.21	1.48	5,642.77
Total comprehensive income for the year	-	-	-	696.10	5.06	701.16
Issue of shares	-	4,907.04	-	-	-	4,907.04
Transfer to / from retained earnings	139.22	-	-	(139.22)	-	-
Share issue expenses	-	(3.06)	-	-	-	(3.06)
Share based compensation	-	-	28.21	-	-	28.21
Exercise and lapse of share options	-	1.97	(4.26)	2.29	-	-
Adjustment relating to ESOP Welfare trust- refer Note 40 (d)	-	(76.73)	-	-	-	(76.73)
Balance as at March 31, 2020	322.44	9,946.20	43.83	880.38	6.54	11,199.39

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 : June 22, 2020

for and on behalf of the Board of Directors of
Fusion Micro Finance Private Limited
CIN:U65100DL1994PTC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary

Gaurav Maheshwari
Chief Finance Officer

Place: New Delhi
Date : June 22, 2020

Statement of cash flows
for the year ended March 31, 2020

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
I. Cash flow from operating activities		
Profit before Tax	999.95	684.03
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	25.76	23.87
Impairment of financial intruments	913.66	206.75
Provision for gratuity	12.71	10.73
Provision for compensated absences	15.40	3.22
Othre provisions	(10.58)	11.32
Net gain on change in fair value of mutual funds	(231.57)	(182.89)
Net gain on derecogntion of financial intruments under amortised cost category	(126.80)	-
Employee share based payment expense	34.67	15.96
Impairment on other-financial asset	13.33	-
Amortisation of processing fees	1.18	(8.75)
(Profit)/loss on sale of fixed assets	0.08	(0.02)
Operating cash flow before working capital changes	1,647.79	764.22
Movement in working capital:		
Increase in loans & advances	(8,623.03)	(13,013.80)
Increase in receivables	(25.30)	(1.29)
(Increase)/decrease in other financial assets	(27.13)	125.54
Increase in other non-financial asset	(9.86)	(5.31)
Increase in bank balances other than cash and cash equivalents	(128.94)	(1,808.64)
(Decrease)/increase in trade payables	(1.17)	19.67
Increase/(decrease) in other financial liability	94.16	(42.74)
Increase in other non-financial liability	15.46	17.93
Cash used in operations	(7,058.02)	(13,944.42)
Income tax paid	(436.30)	(231.61)
Net cash (used in) operating activities (A)	(7,494.32)	(14,176.03)
II. Cash flow from investing activities		
Purchase of property, plant and equipment's	(29.57)	(27.74)
Proceeds from sale of property, plant and equipment	-	0.07
Purchase of intangible assets	(1.48)	(1.80)
Purchase of investments	(50,014.24)	(23,600.00)
Proceeds from sale of investments	50,245.81	23,782.89
Net cash flow from investing activities (B)	200.52	153.42

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
III. Cash flow from financing activities		
Proceeds from issue of equity shares	5,000.98	3,001.75
Repayment of debt securities	(1,346.34)	(945.54)
Proceeds from debt securities	348.71	1,272.84
Repayment of borrowings (other than debt securities)	(17,800.02)	(8,011.79)
Proceeds from borrowings (other than debt securities)	19,247.43	20,999.02
Dividend paid including DDT	-	(5.02)
Net cash flow from financing activities (C)	5,450.76	16,311.26
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(1,843.04)	2,288.65
Cash and cash equivalents at the beginning of the year	7,239.71	4,951.06
Cash and cash equivalents at the end of the year	5,396.67	7,239.71

Note: For disclosures relating to change in liabilities arising from financing activities, refer note 39.

Cash flow from operationg activites includes interest received of ₹6,051.16 millions (previous year ₹4,533.02 millions) and interest paid of ₹3,413.53 millions (previous year ₹2,378.26 millions).

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 : June 22, 2020

for and on behalf of the Board of Directors of
Fusion Micro Finance Private Limited
CIN:U65100DL1994PTC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary

Gaurav Maheshwari
Chief Finance Officer

Place: New Delhi
Date : June 22, 2020

1. Corporate information

Fusion Micro Finance Private Limited ('the Company') was incorporated on 05 September 1994 under the Companies Act, 1956. The Company was registered as a Non-Banking Financial (Non – Deposit Accepting or Holding) Company ('NBFC- ND') under section 45-IA of the Reserve Bank of India Act, 1934 with effect from 19 May 2010. The Company got converted to Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI') with effect from 28 January 2014 with Registration No. B-14.02857. The Company listed its Non-Convertible Debentures ('NCDs') in Bombay Stock Exchange, India. The registered office of the Company is in Delhi.

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. In current year, the Company have started lending to MSME enterprises on pilot basis

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 31 March 2020 were authorised for issue in accordance with a resolution of the directors on June 22, 2020.

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified by under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and the applicable guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies, other statutory provisions and regulatory framework. These financial statements for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS.

Refer to note 48 for information on how the Company adopted Ind AS.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied.

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (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 of 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

2.1.1 Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

2.1.2 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 amortised cost, debt instrument measured at FVOCI 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 asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account 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 amortised through Interest income in the statement of profit and loss.

2.1.3 Interest income

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 interest income for all financial instruments measured either at amortized cost or at fair value through other comprehensive income is recorded using the effective Interest Rate ('EIR').

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.

Interest income on all financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

2.1.4 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.

2.1.5 Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognized when the related loan assets are de-recognized.

2.1.6 Income from business correspondence services

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

2.1.7 Income from interest on deposits

Income from interest on deposits is recognized on a time proportion basis considering the amount outstanding and the rate applicable.

2.1.8 Other incomes/Cross selling fee

All other fee income on marketing of products is recognized on accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement

2.1.9 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.

2.2 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 recognised when the entity becomes a party to the contractual provisions of the instrument.

2.2.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised 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:

- Amortised cost, as explained in Note 2.3.1
- FVTPL as explained in Notes 2.3.4
- FVOCI

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, other than loan commitments and financial guarantees, 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 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised 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 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 amortised cost using the EIR method. Amortised 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 finance income in the profit or loss. The losses arising from ECL impairment are recognised in the profit or loss.

2.3.2 Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are equity instruments and mutual funds and that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.3.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, 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.

The Company had issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non-derivative instruments, 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 separately accounted for.

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 2019-20 and 2018-19.

2.5 Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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 recognised 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 44.

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 categorises its loans into Stage 1, Stage 2,Stage 3 and POCI, 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 derecognised and is still in the portfolio.

Exposure at default (EAD) – It is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

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 forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

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. The expected cash shortfalls are discounted by an approximation to the original EIR.

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.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 2.7.2 and Note 44.

2.7.4 Write-offs

Loans are written off 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 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 – include 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 recognised 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 differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

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.

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 recognised 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 as adjusted for impairment, 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 they are accounted for as a separate items (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognised in statement of Profit and loss.

Leasehold improvements are amortised on straight line basis over the primary period of the lease 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 derecognised 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 recognised 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
Computers & Printers	3
Office Equipment	5
Vehicles	8

2.13 Intangible assets

The Company's intangible assets mainly include the value of computer software which are carried at cost less accumulated amortization and adjusted for any accumulated impairment losses, if any. Any gain on disposal of intangible asset is recognised in statement of Profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. 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 amortised over the useful economic life.

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

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 recognised 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 grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

2.14.3 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Retirement benefit in the form of provident fund is a defined contribution scheme

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund 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 recognised 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 recognised 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 recognised 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, 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 recognised immediately in Other Comprehensive Income. 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 recognised 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 recognised 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 recognised in the statement of profit and loss.

2.15 Provisions

Provisions are recognised 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. 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 recognised 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 on temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax is recognized for all temporary differences, except:

- On the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor 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 recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 .

Unrecognised deferred tax assets are reassessed at each reporting date and recognised 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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 recognised 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 recognised 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 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 recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 amortised cost or fair value through other comprehensive income that are derecognised 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.

Effective Interest Rate (EIR) method

The Company's EIR methodology, as explained in Note 2.1.2, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/ expense that are integral parts of the instrument.

Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. 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

- Note 2.17.2 - Recognition of deferred tax assets: availability of future taxable profit
- Note 2.12 - Useful life and residual value of property, plant and equipment and intangible assets

2.19 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.

2.20 Segment reporting

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

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

2.21 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.

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. The Company does not have any contingent assets in the financial statements.

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
3 Cash and cash equivalents			
Cash on hand	13.86	35.93	5.16
Balances with banks			
- on current accounts	4,332.58	4,852.51	3,095.36
- deposits with original maturity of less than 3 months	1,050.23	2,351.27	1,850.54
Total	5,396.67	7,239.71	4,951.06

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.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
4 Bank balance other than cash and cash equivalents			
Deposits with remaining maturity less than 12 months *	2,039.71	1,928.75	349.98
Deposits with remaining maturity of more than 12 months			
- with banks **	548.91	388.32	331.68
Margin money with financial institution towards securitised borrowings	178.05	334.81	162.39
Deposit with financial institutions as security deposit	14.15	13.33	12.52
Total	2,780.82	2,665.21	856.57

* Includes lien free fixed deposits as at March 31, 2020 ₹ 1,513.75 millions (March 31, 2019: ₹1,400 millions, April 1, 2018: Nil)

** Includes lien free fixed deposits as at March 31, 2020 ₹ 96.25 millions (March 31, 2019: ₹ 40 millions, April 1, 2018: Nil)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
5 Trade receivables			
Unsecured considered good	31.39	6.09	4.80
Total	31.39	6.09	4.80

Note: No trade or other receivable are due form 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.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
6 Loans (at amortised cost)			
Term Loans:			
Joint liability loans	34,400.39	26,141.11	13,418.43
MSME Loans	11.70	-	-
Total - Gross	34,412.09	26,141.11	13,418.43
Less: Impairment loss allowance	(982.36)	(420.75)	(505.12)
Total - Net	33,429.73	25,720.36	12,913.31
(a) Secured	-	-	-
(b) Unsecured	34,412.09	26,141.11	13,418.43
Total - Gross	34,412.09	26,141.11	13,418.43
Less: Impairment loss allowance	(982.36)	(420.75)	(505.12)
Total - Net	33,429.73	25,720.36	12,913.31
Above amount includes			
Loans provided in India	33,429.73	25,720.36	12,913.31
Loans provided outside India	-	-	-

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. During the year 2019 - 20, Company has disbursed MSME Loans on pilot basis . The table below discloses credit quality of the Company's exposures (net of impairment loss allowance) as at reporting date.

(₹ in millions unless otherwise stated)

Portfolio classification as at March 31, 2020

Particulars	Stage I*	Stage II	Stage III	Total
Considered good	33,861.54	166.06	-	34,027.60
Considered doubtful	-	-	384.49	384.49
Total	33,861.54	166.06	384.49	34,412.09

* Including MSME portfolio.

Portfolio classification as at March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Considered good	25,631.50	105.37	-	25,736.87
Considered doubtful	-	-	404.24	404.24
Total	25,631.50	105.37	404.24	26,141.11

Portfolio classification as at April 1, 2018

Particulars	Stage I	Stage II	Stage III	Total
Considered good	12,727.22	42.87	-	12,770.09
Considered doubtful	-	-	648.34	648.34
Total	12,727.22	42.87	648.34	13,418.43

Gross portfolio movement for the year ended March 31, 2020

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying value of loans as at March 31, 2019	25,631.50	105.37	404.24	26,141.11
New loans originated during the year, net off for repayments and derecognised portfolio	8,518.07	17.84	87.12	8,623.03
Assets written off during the year	-	-	(352.05)	(352.05)
Movement between stages				
Transfer from stage I	(288.37)	59.14	229.23	-
Transfer from stage II	0.31	(16.33)	16.02	-
Transfer from stage III	0.03	0.04	(0.07)	-
Gross carrying value of assets as at March 31, 2020	33,861.54	166.06	384.49	34,412.09

Gross portfolio movement for the year ended March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2018	12,727.22	42.87	648.34	13,418.43
New loans originated during the year, net off for repayments and derecognised portfolio	13,092.66	11.65	(90.52)	13,013.79
Assets written off during the year			(291.11)	(291.11)
Movement between stages				
Transfer from stage I	(188.73)	61.09	127.64	-
Transfer from stage II	0.35	(10.24)	9.89	-
Transfer from stage III	-	-	-	-
Gross carrying value of assets as at March 31, 2019	25,631.50	105.37	404.24	26,141.11

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

(₹ in millions unless otherwise stated)

Particulars	Loans			Total	Other financial assets (refer note 8)
	Stage I	Stage II	Stage III		
ECL allowance on April 1, 2018	55.64	20.10	429.38	505.12	-
New assets originated during the year, netted off for repayments and derecognised portfolio	57.06	5.45	(51.65)	10.86	-
Assets written off during the year	-	-	(291.11)	(291.11)	-
Movement between stages					
Transfer from stage I	(0.82)	0.26	0.56	0.00	-
Transfer from stage II	0.17	(4.79)	4.62	(0.00)	-
Transfer from stage III	0.00	-	(0.00)	0.00	-
Impact on ECL on account of movement between stages/ updates to ECL model	(0.45)	28.42	167.91	195.88	-
ECL allowance on March 31, 2019	111.60	49.44	259.71	420.75	-
New assets originated during the year, netted off for repayments and derecognised portfolio	36.98	8.19	54.76	99.93	
Assets written off during the year			(352.05)	(352.05)	
Movement between stages					
Transfer from stage I	(1.25)	0.26	1.00	-	13.33
Transfer from stage II	0.14	(7.50)	7.36	-	
Transfer from stage III	0.02	0.03	(0.04)	-	
Impact on ECL on account of movement between stages/ updates to ECL model	497.82	32.60	283.30	813.73	
ECL allowance on March 31, 2020*	645.31	83.02	254.04	982.36	13.33

* * Includes management overlay of ₹ 510.41 million, for further clarification refer note 54.

			As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
7	**Investments (at amortised cost)**				
	Investments in Mutual funds {March 31, 2020 : 500,000 (March 31, 2019 : 500,000, April 1, 2018 : 500,000}		5.00	5.00	5.00
	(i) Overseas Investments		-	-	-
	(ii) Investments in India		5.00	5.00	5.00
	Total		5.00	5.00	5.00
8	**Other financial assets (at amortised cost)**				
A	**Security deposits**				
	Unsecured, considered goods		15.36	30.04	36.97
		(A)	15.36	30.04	36.97
B	**Other assets**				
	EIS Receivable		126.80	0.75	153.62
	Advances recoverable in cash or kind or for value to be received		109.63	66.45	42.92
	Less : Impairment loss allowance		(13.33)	-	-
		(B)	223.10	67.20	196.54
		Total (A+B)	238.46	97.24	233.51

(₹ in millions unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
9	**Current tax assets (net)**			
	Advance income tax (net)	119.09	78.60	56.79
	Total	119.09	78.60	56.79
10	**Deferred tax**			
A	**Deferred tax assets:**			
	Impairment allowance for financial assets	237.62	143.10	152.97
	Differences of written down value of property, plant and equipment	7.86	8.47	4.98
	Unabsorbed carry forward losses	-	-	82.27
	Provision for employee benefits	28.32	22.82	10.53
	Provisions allowable on payment basis	20.53	14.22	-
	Financial liabilities measured at amortised cost	3.99	5.35	2.26
	EIR impact on loan portfolio	38.72	29.92	10.77
	EIS receivable	-	0.02	-
	Other temporary difference	9.41	16.62	-
	Total deferred tax assets	346.45	240.52	263.78
B	**Deferred tax liabilities**			
	EIS receivable	(30.19)	-	(42.37)
	Stage 3 interest income	(11.24)	(26.21)	(35.59)
	Total deferred tax liabilities	**(41.43)**	**(26.21)**	**(77.96)**
	Net deferred tax assets (A+B)	305.02	214.31	185.82

C Movement in Deferred tax assets (net)

Particulars	As at March 31, 2019	(Charge)/ credit in Statement of profit and Loss	Recognized in Other comprehensive income	Recognized in other equity	As at March 31, 2020
Assets					
Impairment allowance for financial assets	143.10	94.52	-	-	237.62
Differences of written down value of Property, plant and equipment	8.47	(0.61)	-	-	7.86
Unabsorbed carry forward losses	-	-	-	-	-
Provision for employee benefits	22.82	6.90	(1.40)	-	28.32
Provisions allowable on payment basis	14.22	6.31	-	-	20.53
Financial liabilities measured at amortised cost	5.35	(1.36)	-	-	3.99
EIR impact on term loans	29.92	8.80	-	-	38.72
EIS receivable	0.02	(0.02)			-
Other temporary difference	16.62	(7.21)	-	-	9.41
Liabilities					
EIS receivable	-	(30.19)	-	-	(30.19)
Stage 3 interest income	(26.21)	14.97			(11.24)
Total	214.31	92.14	(1.40)	-	305.02

(₹ in millions unless otherwise stated)

C Movement in Deferred tax assets (net)

Particulars	As at March 31, 2018	(Charge)/ credit in Statement of profit and Loss	Recognized in Other comprehensive income	Recognized in other equity	As at March 31, 2019
Assets					
Impairment allowance for financial assets	152.97	(9.87)	-	-	143.10
Differences of written down value of property, plant and equipment	4.98	3.49	-	-	8.47
Unabsorbed carry forward losses	82.27	(82.27)	-	-	-
Provision for employee benefits	10.53	13.09	(0.80)	-	22.82
Provisions allowable on payment basis	-	14.22	-	-	14.22
Financial liabilities measured at amortised cost	2.26	3.09	-	-	5.35
EIR impact on term loans	10.77	19.14	-	-	29.92
EIS receivable	-	0.02	-	-	0.02
Other temporary difference	-	16.62	-	-	16.62
Liabilities					
EIS receivable	(42.37)	42.37	-	-	-
Stage 3 interest income	(35.59)	9.38	-	-	(26.21)
Total	185.82	29.27	(0.80)	-	214.31

11 Property, plant and equipment

Particulars	Gross Block (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020
Furniture and fixtures	15.51	5.70	-	21.21	3.07	4.21	-	7.28	13.93
Electrical fittings	10.43	1.57	-	12.00	2.41	2.71	-	5.12	6.88
Office equipment	3.28	5.84	-	9.12	0.99	2.19	-	3.18	5.94
Vehicles	0.75	-	-	0.75	0.40	0.22	-	0.62	0.13
Computers	20.88	12.97	0.21	33.64	10.54	10.46	0.13	20.87	12.77
Leasehold improvements	23.99	3.49	-	27.48	3.92	4.23	-	8.15	19.33
Total	74.84	29.57	0.21	104.20	21.33	24.02	0.13	45.22	58.98

Particulars	Gross Block (at cost)				Depreciation				Net Carrying Amount
	As at April 1,2018 (Deemed Cost)	Additions	Disposals	As at March 31, 2019	As at April 1,2018 (Deemed Cost)	For the year	Disposals	As at March 31, 2019	As at March 31, 2019
Furniture and fixtures	8.51	7.00	-	15.51	-	3.07	-	3.07	12.44
Electrical fittings	6.73	3.76	0.06	10.43	-	2.47	0.06	2.41	8.02
Office equipment	1.16	2.12	-	3.28	-	0.99	-	0.99	2.29
Vehicles	0.75	-	-	0.75	-	0.40	-	0.40	0.35
Computers	8.21	12.76	0.09	20.88	-	10.56	0.02	10.54	10.34
Leasehold improvements	21.89	2.10	-	23.99	-	3.92	-	3.92	20.07
Total	47.25	27.74	0.15	74.84	-	21.41	0.08	21.33	53.51

(₹ in millions unless otherwise stated)

12 Intangible assets

Particulars	Gross Block (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020
Computer software	4.19	1.48	-	5.67	2.46	1.74	-	4.20	1.47
Total	4.19	1.48	-	5.67	2.46	1.74	-	4.20	1.47

Particulars	Gross Block (at cost)				Amortization				Net Carrying Amount
	As at April 1,2018 (Deemed Cost)	Additions	Disposals	As at March 31, 2019	As at April 1,2018 (Deemed Cost)	For the year	Disposals	As at March 31, 2019	As at March 31, 2019
Computer software	2.39	1.80		4.19	-	2.46	-	2.46	1.73
Total	2.39	1.80	-	4.19	-	2.46	-	2.46	1.73

		As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
13	**Other non-financial assets**			
	Unsecured, considered good			
	Unamortised processing fees	0.51	1.49	0.72
	Net defined benefit asset (refer note 36)	10.02	2.20	-
	Pre-paid expenses	13.92	10.12	4.28
	Others	8.86	9.64	13.14
	Total	33.31	23.45	18.14
14	**Trade payables**			
	(i) Total outstanding dues to micro, small and medium enterprises *	-	-	-
	(ii) Total outstanding dues of creditors other than micro, small and medium enterprises	40.71	41.88	22.20
	Total	40.71	41.88	22.20

* The Company does not have any outstanding dues and any interest payable for micro, small and medium enterprises- refer Note 37

15	**Debt Securities**			
	At amortised cost			
	Non-convertible debentures	3,998.98	4,990.05	4,661.02
	Total	3,998.98	4,990.05	4,661.02
	Debt securities in India	3,998.98	4,990.05	4,661.02
	Debt securities outside India	-	-	-
	Total	3,998.98	4,990.05	4,661.02

Information about the Company's exposure to credit and market risks are included in Note no. 44 and 46 respectively.

(₹ in millions unless otherwise stated)

Terms of Debt securities

Terms of debentures	Number of debentures			Amount		
	March 31, 2020	March 31, 2019	April 1, 2018	March 31, 2020	March 31, 2019	April 1, 2018
Secured						
15% Secured rated listed redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 69 months (Subject to exercise of put option date at the end of 24 months and 48 months) from the date of allotment i.e. 03/31/2015 redeemable on maturity if option not exercised	100	100	100	99.91	99.81	99.72
13.15% GWT secured rated listed redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 07/07/2017	310	310	310	309.90	309.57	309.27
12.10% Secured listed redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 09/04/2017	200	200	200	33.32	99.94	166.52
12.30% Secured rated unlisted redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 03/15/2018	190	190	190	188.70	187.55	186.52
12.02% 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. 03/16/2018	315	315	315	314.70	314.43	314.19
12.02% 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. 03/16/2018	315	315	315	314.70	314.43	314.19
12.20% Secured rated listed redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 36 months (Subject to exercise of put/call option at the end of 18 months) from the date of allotment i.e. 08/07/2018	-	340	-	-	339.44	-
12.20% Secured rated listed redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of 36 months (Subject to exercise of put/call option at the end of 18 months) from the date of allotment i.e. 08/07/2018	-	340	-	-	339.25	-
12.50% 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. 09/27/2018	25	25		249.60	249.37	-
12.20% 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. 10/22/2018	35	35		347.25	345.75	-
12.75% 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. 06/02/2016	526	526	526	523.80	523.01	523.82

(₹ in millions unless otherwise stated)

Terms of debentures	Number of debentures			Amount		
	March 31, 2020	March 31, 2019	April 1, 2018	March 31, 2020	March 31, 2019	April 1, 2018
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. 08/31/2016	470	470	470	469.40	469.04	468.74
13.25% secured rated listed redeemable non convertible debenture of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 108 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. 09/15/2016	-	550	550	-	549.63	548.96
14.50% Secured rated listed redeemable non convertible debentures of face value of ₹ 10,00,000 each redeemable at par at the end of redemption dates (01/24/2018 and 01/24/2019) or maturity dates from the date of allotment i.e. 06/30/2015	-		426	-	-	424.98
15% Secured rated listed redeemable non convertible debenture of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 48 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. 4/30/2015	-		240	-	-	239.98
13.22% Secured rated listed redeemable non convertible debenture of face value of ₹ 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 06/28/2016	-	601	601	-	599.33	594.80
15% Secured rated listed redeemable non convertible debenture of Face Vale of ₹ 10,00,000 each redeemable at par at the end of 48 months (subject to exercise of put/call Option at the end of 24 months) from the date of allotment i.e. 12/24/2014	-	-	220	-	-	220.00
Unsecured						
11.91% Unsecured rated listed redeemable non convertible debenture of face value of ₹ 10,00,000 each redeemable at par at the end of 71 (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. 09/10/2019	350	-	-	348.91	-	-
11.91% Unsecured Rated Listed Redeemable Non Convertible Debenture 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. 09/10/2019	550	-	-	549.10	-	-
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. 03/06/2018	250	250	250	249.69	249.50	249.33
Total				3,998.98	4,990.05	4,661.02

(₹ in millions unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
16	**Borrowings (Other than debt securities)**			
	At amortised cost			
	(a) Term loans			
	(i) from banks	19,127.76	13,044.89	4,015.05
	(ii) from other parties	2,644.79	6,241.22	4,935.03
	(b) Vehicle Loan	-	-	0.28
	(c) Loans repayable on demand	-	-	58.18
	(d) Short term loans	2,398.77	968.10	1,141.86
	(e) Borrowings under securitisation arrangement	400.26	2,876.14	-
	Total	24,571.58	23,130.35	10,150.40
	Borrowings in India	24,571.58	23,130.35	10,150.40
	Borrowings outside India	-	-	-
	Total	24,571.58	23,130.35	10,150.40
	Secured	24,571.58	22,876.44	9,751.94
	Unsecured	-	253.91	398.46
	Total	24,571.58	23,130.35	10,150.40
17	**Subordinated liabilities**			
	At amortised cost			
	from banks	300.00	300.00	-
	from other than banks	866.29	865.49	1,168.70
	Total	1,166.29	1,165.49	1,168.70
	Subordinated liabilities in India	1,166.29	1,165.49	1,168.70
	Subordinated liabilities outside India	-	-	-
	Total	1,166.29	1,165.49	1,168.70

15A, 16A and 17A Terms of Pricipal repayment of Debt securities/Borrowings/Subordinated liabilities

(₹ 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
		Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	
Borrowings (other than debt securities)														
Monthly														
1 -3 year	6.01% - 6.50%	11	211.64	12	230.88	3	57.39	-	-	-	-	-	-	499.91
	9.51% - 10.00%	12	811.66	11	149.21	-	-	-	-	-	-	-	-	960.87
	10.01% - 10.50%	12	931.04	12	825.81	5	37.50	-	-	-	-	-	-	1,794.35
	10.51% - 11.00%	12	1,220.33	12	756.84	9	146.78	-	-	-	-	-	-	2,123.95
	11.01% - 11.50%	12	2,609.74	12	1,263.33	-	-	-	-	-	-	-	-	3,873.07
	11.51% - 12.00%	12	516.80	12	374.76	7	116.67	-	-	-	-	-	-	1,008.23
	12.01% - 12.50%	12	811.05	6	52.98	-	-	-	-	-	-	-	-	864.03
	12.51% - 13.00%	6	106.25	-	-	-	-	-	-	-	-	-	-	106.25
Above 3 year	10.51% - 11.00%	10	122.81	12	162.93	12	181.79	2	32.47	-	-	-	-	500.00
	12.51% - 13.00%	10	333.33	12	400.00	1	33.33	-	-	-	-	-	-	766.66
Quarterly														
1 -3 year	10.01% - 10.50%	7	1,075.00	-	-	-	-	-	-	-	-	-	-	1,075.00
	10.51% - 11.00%	11	1,513.71	10	980.66	4	72.60	-	-	-	-	-	-	2,566.97
	11.01% - 11.50%	11	1,483.93	3	187.50	-	-	-	-	-	-	-	-	1,671.43
	11.51% - 12.00%	8	1,268.83	6	697.40	2	27.27	-	-	-	-	-	-	1,993.50
	12.01% - 12.50%	2	27.21	-	-	-	-	-	-	-	-	-	-	27.21
	12.51% - 13.00%	3	187.50	1	62.50	-	-	-	-	-	-	-	-	250.00
Above 3 year	10.01% - 10.50%	3	16.25	4	21.67	4	21.67	1	5.42	-	-	-	-	65.01
	12.01% - 12.50%	4	66.67	1	16.67	-	-	-	-	-	-	-	-	83.34
	13.01% - 13.50%	1	20.00	-	-	-	-	-	-	-	-	-	-	20.00

(₹ 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
		Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	Number of installments	Amount	
Half-yearly														
Above 3 year	10.51% - 11.00%	2	68.00	2	16.00	2	16.00	-	-	-	-	-	-	100.00
	11.01% - 11.50%	2	640.00	2	640.00	2	475.00	2	80.00	2	80.00	1	20.00	1,935.00
	11.51% - 12.00%	2	450.00	2	255.00	2	60.00	2	60.00	-	-	-	-	825.00
Bullet repayment														
1 -3 Year	10.01% - 10.50%	3	1,325.00	1	200.00	-	-	-	-	-	-	-	-	1,525.00
Debt securities														
Half-yearly														
1 -3 Year	12.01% -12.50%	1	33.33	-	-	-	-	-	-	-	-	-	-	33.33
Bullet repayment														
1 -3 Year	12.01% -12.50%	1	190.00	2	600.00	-	-	-	-	-	-	-	-	790.00
	13.01% -13.50%	1	310.00	-	-	-	-	-	-	-	-	-	-	310.00
Above 3 Year	12.51% -13.00%	-	-	1	470.00	1	526.00	1	630.00	-	-	1	900.00	2,526.00
	13.01% -13.50%	-	-	1	250.00	-	-	-	-	-	-	-	-	250.00
	14.51% -15.00%	1	100.00	-	-	-	-	-	-	-	-	-	-	100.00
Subordinated liabilities														
Bullet repayment														
Above 3 year	13.51% -14.00%	-	-	-	-	1	500.00	1	300.00	-	-	-	-	800.00
	14.01% -14.50%	-	-	-	-	-	-	1	300.00	-	-	-	-	300.00
	15.01% -15.50%	1	70.00	-	-	-	-	-	-	-	-	-	-	70.00
EIR impact														(77.27)
Total		173	16,520.08	137	8,614.14	55	2,272.00	10	1,407.89	2	80.00	2	920.00	29,736.85

(₹ in millions unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
18	**Other financial liabilities**			
	Payable towards assigned/securitized portfolio	179.91	53.39	214.26
	Interest accrued but not due on borrowings	224.69	237.09	156.68
	Salaries and bonus payable	99.70	90.23	50.67
	Other payable	8.98	38.41	40.25
	Total	513.28	419.12	461.86
19	**Current tax liabilities (net)**			
	Provision for tax (net)	0.53	0.38	3.57
	Total	0.53	0.38	3.57
20	**Provisions**			
	Provision for gratuity*	-	-	0.54
	Provision for compensated absence *	25.16	17.30	17.63
	Provision on business correspondence portfolio	6.01	18.10	20.19
	Provision for other contingencies	25.89	17.50	-
	Others	0.66	-	-
	Total	57.72	52.90	38.36
	*Refer Note 36 for employee benefits			
21	**Other non-financial liabilities**			
	Statutory dues payable	59.72	44.91	27.21
	Others	2.24	1.59	1.36
	Total	61.96	46.50	28.57
22	**Equity share capital**			
	Authorised			
	Equity shares			
	90,000,000 (31 March 2019 : 70,000,000, 1 April 2018 : 50,000,000) equity shares of ₹ 10 each	900.00	700.00	500.00
	Preference shares			
	5,000,000 (31 March 2019 : 5,000,000, 1 April 2018 : 5,000,000) preference shares of ₹ 10 each	50.00	50.00	50.00
		950.00	750.00	550.00
	Issued, subscribed and paid-up			
	Equity shares			
	Fully paid up			
	80,383,716 (31 March 2019 : 62,621,180, 1 April 2018 : 41,970,979) equity shares of ₹ 10 each fully paid up	803.84	626.21	419.71
	Less: treasury shares - refer note 40 (d)	(18.28)	(13.54)	(8.98)
	Partly paid up			
	39,42,672 (31 March 2019 : 3,099,408, 1 April 2018 : 1,099,295) equity shares of ₹ 10 each partly paid up @ ₹ 1	3.94	3.10	1.10
	Preference shares			
	NIL (31 March 2019 : Nil 1 April 2018 : 3,000,000) 9% optionally convertible preference shares of ₹ 10 each, fully paid-up	-	-	30.00
	Total	789.50	615.77	441.83

(₹ in millions unless otherwise stated)

a The reconciliation of the number of equity shares outstanding as at the beginning and the end of the reporting period is set out below:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	6,57,20,588	629.31	4,30,70,274	420.81
Allotted to Fusion employee benefit trust	5,49,647	5.50	5,49,647	5.50
Conversion of 9% optionally convertible preference shares	-	-	6,25,093	6.25
Issued during the year (fully paid up)	1,72,12,889	172.13	1,94,75,461	194.75
Issued during the year (partly paid up@ ₹ 1)	8,43,264	0.84	20,00,113	2.00
At the end of the year	8,43,26,388	807.78	6,57,20,588	629.31

b The reconciliation of the number of Optionally Convertible Preference Shares (OCPS) outstanding as at the beginning and end of the reporting period is set out below:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
9% Optionally Convertible Preference Shares				
At the commencement of the year	-	-	30,00,000	30.00
Issued during the year	-	-	-	-
Conversion during the year	-	-	30,00,000	30.00
At the end of the year	-	-	-	-

c Rights, preferences and restrictions attached to equity shares and preference shares:

(i) 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.

(ii) 9% Optionally Convertible Preference Shares (OCPS)

In financial year 2018-19 , Small Industries Development Bank of India ("SIDBI") has exercised, its option to convert 3,000,000 (Thirty lacs) 9% optionally convertible preference shares (OCPS) having face value of ₹ 10.00 each aggregating to ₹ 30 millions along with unpaid dividend payable to SIDBI pertaining to financial year 2017-18, into fully paid equity shares of the Company at a pre-agreed price, which is linked to the breakup value, of ₹ 52.31 (Fifty two rupees and thirty one paisa) per equity share of the Company, in accordance with the shareholder cum subscription agreement dated 24 July 2014.

(₹ in millions unless otherwise stated)

d Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	31 March 2020		31 March 2019		1 April 2018	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
RIF-North 2, Mauritius	-	-	-	-	36,80,138	8.54%
NMI Frontier Fund, LLP, Norway	-	-	-	-	48,48,758	11.26%
Devesh Sachdev - MD & CEO	55,53,414	6.59%	47,10,150	7.17%	27,04,037	6.28%
Belgian Investment Company for Developing Countries SA, Belgium	-	-	-	-	51,34,920	11.92%
Oikocredit, Ecumenical Development Co-operative Society U.A., Netherlands	66,06,375	7.83%	66,06,375	10.05%	66,06,375	15.34%
Creation Investment Fusion,LLC, Chicago, U.S.A.	1,53,21,043	18.17%	1,53,21,043	23.31%	1,53,21,043	35.57%
Creation Investment Fusion II ,LLC, Chicago, U.S.A.	99,54,529	11.80%	51,34,920	7.81%	-	-
Global Financial Inclusion Fund	35,39,091	4.20%	35,39,091	5.39%	35,39,091	8.22%
Honey Rose Investment Ltd, Mauritius	4,10,22,730	48.65%	2,86,29,450	43.56%	-	-
	8,19,97,182	97.24%	6,39,41,029	97.29%	4,18,34,362	97.13%

e Particulars of preference shareholder holding more than 5% preference shares:

Name of the shareholder	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Small Industries Development Bank of India	-	-	-	-	30,00,000	100%

f Particulars of shares reserved for issue under employee stock options

Particulars	Number of shares		
	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Under Employee Stock Option Plans (net of shares issued to ESOP trust)	1,352,454*	19,02,101	10,99,294

* 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.

g No share was allotted without payment being received in cash during the five-year period ended March 31, 2020

	As at March 31, 2020	As at March 31,2019
23 Other equity		
Statutory reserve		
Balance as at the beginning of the year	183.22	52.52
Add: Amount transferred from retained earnings	139.22	130.70
Balance as at the end of the year	322.44	183.22
Securities premium		
Balance as at the beginning of the year	5,116.98	2,288.28
Add: On issue of shares	4,907.04	2,886.66
Add: Transfer from stock option outstanding	1.97	0.89
Add: Adjustment relating to ESOP Welfare trust	(76.73)	(53.18)
Less : Amount utilised towards share issue expenses	(3.06)	(5.67)
Balance as at the end of the year	9,946.20	5,116.98

(₹ in millions unless otherwise stated)

	As at March 31, 2020	As at March 31,2019
Retained earnings		
Balance as at the beginning of the year	321.21	(50.28)
Add: Profit for the year	696.10	506.69
Add: Stock options lapsed	2.29	0.52
Less : Amount transferred to statutory reserve	(139.22)	(130.70)
Less: Dividend on 9% Optionally convertible preference shares	-	(4.16)
Less: Tax on preference dividend	-	(0.86)
Balance as at the end of the year	880.38	321.21
Employee stock option plan reserve		
Balance as at the beginning of the year	19.88	7.61
Add: Compensation for options granted	28.21	13.68
Exercise & lapse of stock options	(4.26)	(1.41)
Balance as at the end of the year	43.83	19.88
Remeasurement of defined benefit plans ((gain)/loss)		
Balance as at the beginning of the year	1.48	-
Other comprehensive income for the year	5.06	1.48
Balance as at the end of the year	6.54	1.48

Nature and purpose of other reserve :

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 year 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.

Retained Earnings

The said amount represents accumulated surplus/(deficit) of the profits earned by the Company

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
(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)

		For the year ended March 31, 2020	For the year ended March 31, 2019
24	**Interest Income**		
	On financial asset measured at amortized cost		
	Interest income on loan portfolio	6,499.72	4,592.87
	Interest on deposits with banks	165.16	100.87
	Total	6,664.88	4,693.74
25	**Fees and commission income**		
	Facilitation fees	7.18	2.80
	Income from business correspondence services	27.46	63.71
	Total	34.64	66.51

(₹ in millions unless otherwise stated)

		For the year ended March 31, 2020	For the year ended March 31, 2019
26	**Net gain on fair value changes**		
	Net gain on mutual fund investment at FVTPL	231.57	182.89
	Total	231.57	182.89
	Fair value changes :		
	- Realised	231.57	182.89
	- Unrealised	-	-
	Total	231.57	182.89
27	**Net gain on derecognition of financial instruments under amortised cost category**		
	Gain on derecognition of financial instruments	271.55	-
		271.55	-
28	**Other income**		
	Market support income	74.10	-
	Recovery of loan written off	24.76	26.32
	Miscellaneous income	1.61	1.07
	Total	100.47	27.39
29	**Finance cost**		
	On financial liabilities measured at amortized cost		
	Interest on debt securities	615.74	654.96
	Interest on borrowings (other than debt securities)	2,594.82	1,716.24
	Interest on subordinated liabilities	165.59	165.07
	Other finance costs	0.57	3.62
	Total	3,376.72	2,539.89
30	**Impairment on financial instruments**		
	On financial assets measured at amortised cost		
	Impairment on loan portfolio	913.66	206.75
	Other financial assets	13.33	-
	Total	926.99	206.75
31	**Employee benefit expenses**		
	Salaries, wages and bonus	1,304.55	915.47
	Contribution to provident and other funds *	109.21	74.97
	Share based compensation expense	28.21	13.68
	Staff welfare expenses	41.36	29.21
	Total	1,483.33	1,033.33

*Contribution to provident fund is net of ₹ 8.45 million (31 March 2019 : ₹ 14.45 million) received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana"

(₹ in millions unless otherwise stated)

		For the year ended March 31, 2020	For the year ended March 31, 2019
32	**Other expenses**		
	Rent	97.89	75.96
	Travelling and conveyance	81.62	57.79
	Legal and professional fees*	45.63	114.75
	Rates and taxes	31.13	33.29
	Office maintenance	123.85	110.44
	Water and electricity	17.62	13.58
	Staff recruitment and training	6.90	2.69
	Insurance	8.97	3.88
	Corporate social responsibility #	10.09	6.26
	Business promotion	5.14	3.17
	Loading and boarding	21.56	17.53
	Miscellaneous expenses	39.96	43.32
	Total	490.36	482.66
	Includes payment to auditors *		
	Audit fees	2.40	2.50
	Certification and other services	0.55	0.50
	Out of pocket expenses	0.05	0.13
		3.00	3.13
	# Details of corporate social responsibility expenditure		
	Average net profit/(loss) of the Company for last three financial years	**131.45**	**(88.34)**
	a) Gross amount required to be spent by the Company for respective financial year	2.63	-
	i) Amount spent during the year on purposes other than construction/acquisition of any asset	10.09	6.26
	ii) On purposes other than (i) above	-	-
33	**Income tax**		
a.	Income tax expense in the statement of profit and loss consist of:		
	Current income tax:		
	Income tax	395.99	206.61
	Deferred tax:		
	Attributable to-		
	Origination and reversal of temporary differences	(148.06)	6.45
	Increase/reduction in tax rate	55.92	(35.72)
	Income tax expense reported in the statement of profit or loss	303.85	177.34
	Income tax recognised in other comprehensive income		
	Deferred tax arising on remeasurement gains on defined benefit plan	1.40	0.80
	Total income tax expense	305.25	178.14

(₹ in millions unless otherwise stated)

Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of the net defined benefit liability/ asset	6.46	(1.40)	5.06	2.28	(0.80)	1.48
Total	6.46	(1.40)	5.06	2.28	(0.80)	1.48

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 years ended 31 March 2020 and 2019 is, as follows:

Particulars	For the year ended March 31,2020		For the year ended March 31, 2019	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit before tax	25.17%	999.95	29.12%	684.03
Computed tax expense		251.67		199.19
Effect of:				
Non-deductible expenses	0.97%	9.66	2.06%	14.07
Difference on account of change in tax rate (effect of deferred tax due to change in enacted tax rate)	5.59%	55.92	-5.22%	(35.72)
Change in unrecognised temporary differences	-0.01%	(0.07)	0.00%	-
Amount deductible under income tax	(0.01)	(13.23)	0.00%	-
Others	-0.01%	(0.10)	-0.03%	(0.20)
Effective tax rate/income tax expense reported in statement of profit and loss	30.39%	303.85	25.93%	177.34

34 Earning per share

	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Basic earning per share		
Adjusted profit for the year	696.10	506.69
Less: Dividend (inclusive of DDT) on optionally convertible preference shares	-	(5.02)
Adjusted profit after tax for calculation of basic EPS and diluted EPS	696.10	501.67
Weighted average no. of equity shares outstanding during the year	66.00	47.39
b) Diluted earning per share		
Adjusted profit for the year	696.10	501.67
Weighted average number of equity shares outstanding during the year - basic	66.00	47.39
Add: Weighted average number of potential equity shares on account of employee stock options	0.94	0.62
Add: Weighted average number of potential equity shares on account of optionally convertible preference shares	-	-
Weighted average number of equity shares outstanding during the year - diluted	66.95	48.00
Earning per share		
Basic - par value of ₹ 10 each	**10.55**	**10.59**
Diluted - par value of ₹10 each	**10.40**	**10.45**

35 Segment reporting

The CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in 'Ind AS 108 - Operating Segments.' The Company is engaged primarily in the business of micro financing and there are no separate reportable segments as per Ind AS 108.

(₹ in millions unless otherwise stated)

a. Information about business segment:

The Company deals in majorily deals only one business i.e. micro financing activities.
Hence, no separate disclosure is required.

b. Information about geographical areas:

The entire revenue of the Company are made to customers which are domiciled in India. The Company is engaged in the business within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

c. Information about major customers (from external customers):

The Company does not earn revenues from the customers which amount to 10 per cent or more of Company's revenues

36 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.

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to provident funds*	73.09	37.54
Contribution to employee state insurance	23.12	26.53
Labour welfare fund	0.29	0.17
	96.50	64.24

*Contribution to provident fund are net of ₹ 8.45 million received under the scheme "Pradhan Mantri Rojgar Yojana" for the year ended March 31, 2020 (Previous year ₹ 14.45 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, 2020. The present value of the defined benefit obligations and the related current service cost and past 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.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Present value of obligation	43.98	31.47	19.94
Fair value of plan assets	53.80	33.67	19.40
Net defined benefit liability/(asset) *	(9.82)	(2.20)	0.54

* The amount disclosed in note 13 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, 2020	As at March 31, 2019
Current service cost	19.34	12.97
Net interest cost/(income) on the net defined benefit liability/(asset)	(0.17)	0.04
Expenses recognized in the statement of profit and loss	19.17	13.01

Amount recognized in the other comprehensive income:

Particulars	As at March 31, 2020	As at March 31, 2019
Actuarial gain/(loss) recognized during the year	6.46	2.28
	6.46	2.28

(₹ in millions unless otherwise stated)

(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 the year ending March 31,2020 is ₹ 8.12 million.

(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, 2020			As at March 31, 2019		
	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	31.47	33.67	(2.20)	19.94	19.40	0.54
Included in profit or loss						
Current service cost	19.34	-	19.34	12.97	-	12.97
Interest cost (income)	2.44		2.44	1.55	-	1.55
Total	21.78	-	21.78	14.52	-	14.52
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						-
- demographic assumptions	(22.50)	-	(22.50)	-	-	-
- financial assumptions	15.02	-	15.02	-	-	-
- experience adjustment	(0.46)	-	(0.46)	(2.42)	-	(2.42)
– Return on plan assets excluding interest income	-	1.13	(1.13)	-	1.37	(1.37)
Total	(7.94)	1.13	(9.07)	(2.42)	1.37	(3.79)
Other						
Contribution paid by the employer	-	19.00	(19.00)	-	12.90	(12.90)
Benefits paid	(1.33)		(1.33)	(0.57)	-	(0.57)
Total	(1.33)	19.00	(20.33)	(0.57)	12.90	(13.47)
Balance at the end of the year	43.98	53.80	(9.82)	31.47	33.67	(2.20)

(c) Plan assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Investment with Kotak gratuity group plan	122%	107%	97%

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, 2020	As at March 31, 2019
Discount rate	5.55%	8%
Future long term salary growth	8%	8%
Withdrawal rate:	20%	6%
Retirement age (in year)	60.00	60.00
Expected rate of return on plan assets	5.55%	8%
Mortality	100% of IALM 2012-14	100% of IALM 2006-08

(₹ in millions unless otherwise stated)

(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, 2020		As at March 31, 2019	
	Impact on defined benefit obligation		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	41.44	46.79	27.69	36.12
Salary growth rate (1.00% movement)	46.73	41.44	36.06	27.67
Attrition rate (1.00% movement)	43.17	44.82	30.74	32.23
Mortality rate (1.00% movement)	43.97	43.97	31.46	31.47

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. Sensitivities due to mortality & withdrawals are not material and hence impact of change due to these not calculated.

(f) Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2020	As at March 31, 2019
1 year	4.47	0.63
Between 2-5 years	23.43	6.91
Between 6-10 years	19.67	12.13
Over 10 years	17.13	117.20
Total	64.70	136.87

As at March 31, 2020, the weighted-average duration of the defined benefit obligation was 6 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.

iii Compensated absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amount recognised in statement of profit and loss	15.40	3.22

(₹ in millions unless otherwise stated)

Amount recognized in the balance sheet:

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Present value of obligation as at the end	25.16	17.30	17.63
Current portion of the above	6.03	0.96	0.97
Non-current portion of the above	19.13	16.34	16.66

37 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, 2020 has been made in the financial statements based on information received and available with the Company. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

38 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, 2020			As at March 31, 2019			As at April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Cash and cash equivalents	5,396.67	-	5,396.67	7,239.71	-	7,239.71	4,951.06	-	4,951.06
Bank balances other than cash and cash equivalents	2,231.91	548.91	2,780.82	2,179.28	485.93	2,665.21	423.68	432.89	856.57
Trade receivables	31.39	-	31.39	6.09	-	6.09	4.80	-	4.80
Loans	19,737.98	13,691.75	33,429.73	18,887.37	6,832.99	25,720.36	8,990.00	3,923.31	12,913.31
Investments	5.00	-	5.00	-	5.00	5.00	-	5.00	5.00
Other financial assets	229.04	9.42	238.46	91.62	5.62	97.24	199.60	33.91	233.51
Non-financial assets									
Current tax assets (net)	-	119.09	119.09	-	78.60	78.60	-	56.79	56.79
Deferred tax	-	305.02	305.02	-	214.31	214.31	-	185.82	185.82
Property, plant and equipment	-	58.98	58.98	-	53.51	53.51	-	47.25	47.25
Intangible assets	-	1.47	1.47	-	1.73	1.73	-	2.39	2.39
Other non financial assets	33.22	0.09	33.31	21.12	2.33	23.45	17.99	0.15	18.14
Total Assets	27,665.21	14,734.73	42,399.94	28,425.19	7,680.02	36,105.21	14,587.13	4,687.51	19,274.64
Liabilities									
Financial liabilities									
Trade payables	40.71	-	40.71	41.59	0.29	41.88	22.08	0.12	22.20
Debt securities	1,257.03	2,741.95	3,998.98	1,209.92	3,780.13	4,990.05	942.27	3,718.75	4,661.02
Borrowings (other than debt securities)	15,766.01	8,805.57	24,571.58	14,421.64	8,708.71	23,130.35	5,572.91	4,577.49	10,150.40
Subordinated liabilities	69.08	1,097.21	1,166.29	-	1,165.49	1,165.49	-	1,168.70	1,168.70
Other financial liabilities	513.28	-	513.28	419.12	-	419.12	461.86	-	461.86

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial liabilities									
Current tax liabilities (net)	-	0.53	0.53	0.38	-	0.38	3.57	-	3.57
Provisions	38.59	19.13	57.72	36.56	16.34	52.90	21.39	16.97	38.36
Other non-financial liabilities	61.96	-	61.96	46.50	-	46.50	28.57	-	28.57
Total Liabilities	17,746.66	12,664.39	30,411.05	16,175.71	13,670.96	29,846.67	7,052.65	9,482.03	16,534.68
Net Assets	9,918.55	2,070.34	11,988.89	12,249.48	(5,990.94)	6,258.54	7,534.48	(4,794.52)	2,739.96

39 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, 2018	**4,661.02**	**10,150.40**	**1,168.70**	**15,980.12**
Cash flows:				
Repayment	(945.54)	(8,011.79)	-	(8,957.34)
Proceeds other than overdraft facility	1,272.84	20,999.02	-	22,271.86
Non Cash:				
Amortisation of upfront fees and others	1.73	(7.28)	(3.20)	(8.75)
March 31, 2019	4,990.05	23,130.35	1,165.49	29,285.89
Cash flows:				
Repayment	(1,346.34)	(17,800.02)	-	(19,146.36)
Proceeds other than overdraft facility	348.71	19,247.43	-	19,596.14
Non Cash:				
Amortisation of upfront fees and others	6.56	(6.18)	0.80	1.18
March 31, 2020	3,998.98	24,571.58	1,166.29	29,736.85

40 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 June 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.

d) As on March 31, 2020, the ESOP trust have 18,27,536 equity shares, (March 31, 2019 - 13,53,559, April 1, 2018 - 898,234). 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, 2020, the Company has reduced the shares allotted to ESOP Trust amounting ₹ 18.28 million (March 31, 2019 - ₹ 13.54 million, April 1, 2018 - ₹ 8.98 million) from the share capital and ₹ 141.36 million (March 31, 2019 - ₹ 63.78 million, April 1, 2018 - ₹ 10.03 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 years from the end of vesting period. The plan shall be administered, supervised and implemented by the board.

(₹ in millions unless otherwise stated)

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, 2020		March 31, 2019	
	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	11,98,643	68.90	8,91,618	44.83
Add: Granted during the year	5,90,970	157.04	4,34,720	110.00
Less: Lapsed/forfeited during the year	92,945	92.18	33,373	74.40
Less: Exercised during the year	75,670	44.36	94,322	28.89
Outstanding options at the end of the year	16,20,998	100.84	11,98,643	68.90
Options vested and exercisable at the end of the year	4,53,243		2,90,818	

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2020 was ₹ 116.99 (March 31, 2019 - ₹ 72.54).

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, 2020	As at March 31, 2019	As at April 1, 2018
March 31, 2015	2,64,105					
Tranche 1	66,026	March 31, 2024	20.55	-	-	-
Tranche 2	66,026	March 31, 2025	20.55	-	-	-
Tranche 3	66,026	March 31, 2026	20.55	-	-	9,964
Tranche 4	66,026	March 31, 2027	20.55	-	-	9,964
March 31, 2016	2,17,000					
Tranche 1	54,250	March 31, 2025	27.08	500	10,000	36,500
Tranche 2	54,250	March 31, 2026	27.08	20,000	29,500	54,250
Tranche 3	54,250	March 31, 2027	27.08	36,500	43,500	54,250
Tranche 4	54,250	March 30, 2028	27.08	43,500	54,250	54,250
March 31, 2017	3,41,900					
Tranche 1	85,475	March 31, 2026	37.99	63,173	79,443	85,475
Tranche 2	85,475	March 31, 2027	37.99	76,600	85,475	85,475
Tranche 3	85,475	March 30, 2028	37.99	76,601	85,475	85,475
Tranche 4	85,475	March 30, 2029	37.99	85,475	85,475	85,475

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding		
				As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
March 31, 2018	3,30,540					
Tranche 1	82,635	March 31, 2027	64.08	61,926	72,158	82,635
Tranche 2	82,635	March 30, 2028	64.08	65,143	75,383	82,635
Tranche 3	82,635	March 30, 2029	64.08	67,473	75,383	82,635
Tranche 4	82,635	March 30, 2030	64.08	67,473	75,383	82,635

(₹ in millions unless otherwise stated)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
March 31, 2019	4,34,720					
Tranche 1	1,08,680	March 31, 2028	110.00	88,649	1,06,805	-
Tranche 2	1,08,680	March 31, 2029	110.00	96,423	1,06,805	-
Tranche 3	1,08,680	March 31, 2030	110.00	96,423	1,06,805	-
Tranche 4	1,08,680	March 31, 2031	110.00	96,423	1,06,805	-
September 30, 2019	5,46,180					
Tranche 1	1,36,545	September 30, 2028	154.04	1,33,483	-	-
Tranche 2	1,36,545	September 30, 2029	154.04	1,33,483	-	-
Tranche 3	1,36,545	September 30, 2030	154.04	1,33,483	-	-
Tranche 4	1,36,545	September 30, 2031	154.04	1,33,483		
November 8, 2019	31,790					
Tranche 1	7,948	November 8, 2028	154.04	7,948	-	-
Tranche 2	7,948	November 8, 2029	154.04	7,948	-	-
Tranche 3	7,948	November 8, 2030	154.04	7,948	-	-
Tranche 4	7,948	November 8, 2031	154.04	7,948	-	-
February 18, 2020	13,000					
Tranche 1	3,250	February 18, 2029	290.48	3,250	-	-
Tranche 2	3,250	February 18, 2030	290.48	3,250	-	-
Tranche 3	3,250	February 18, 2031	290.48	3,250	-	-
Tranche 4	3,250	February 19, 2032	290.48	3,250	-	-
Weighted average remaining contractual life of options outstanding at the end of the period				9.05 years	9.43 years	9.66 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 year was ranged between ₹ 50.89 - ₹ 135.94.

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, 2015						
Tranche 1	March 31, 2024	45.00%	20.55	38.60	7.62%	22.70
Tranche 2	March 31, 2025	45.00%	20.55	38.60	7.63%	24.31
Tranche 3	March 31, 2026	45.00%	20.55	38.60	7.64%	25.72
Tranche 4	March 31, 2027	45.00%	20.55	38.60	7.65%	26.96
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

(₹ in millions unless otherwise stated)

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
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
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

41 Related party disclosure

i. Names of the related party and nature of relationship:-

Description of relationship	Designation	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Key Management Personnel*	Managing Director and Chief Executive Officer	Devesh Sachdev	Devesh Sachdev	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari	Gaurav Maheshwari	Gaurav Maheshwari
	Company Secretary	Deepak Madaan	Deepak Madaan	Deepak Madaan
Director	Independent Director	-	Nitin Gupta**	Nitin Gupta
		Pradip Kumar Saha	Pradip Kumar Saha	Pradip Kumar Saha
		Ms. Ratna Vishwanathan	Ms. Ratna Vishwanathan	-
	Nominee Director	Mr. Narendra Ostawal	Mr. Narendra Ostawal	Njord Andrews
		Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele
		-	-	Javed Ahmad Siddiqui
		-	Albert Hofsink****	Albert Hofsink
	Additional Director	Ms. Namrata Kaul***	-	Laetitia Ann Lillane Counye

(₹ in millions unless otherwise stated)

Description of relationship	Designation	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Entities exercising significant influence over the Company	Shareholder	Honey Rose Investment Ltd	Honey Rose Investment Ltd	-
		-	Creation Investment Fusion, LLC, Chicago, USA	Creation Investment Fusion, LLC, Chicago, USA

* Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors and Executive Committee to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

** Nitin Gupta resigned on June 28, 2019

*** Namrata Kaul appointed on February 18, 2020

**** Albert Hofsink resigned on December 20, 2019

ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Devesh Sachdev	Managerial remuneration	13.45	19.59
	Allotment of equity shares	0.84	2.00
Mr. Gaurav Maheswari	Remuneration	4.18	5.20
Mr. Deepak Madaan	Remuneration	1.97	2.28
Creation Investment Fusion, LLC, Chicago, U.S.A.	Allotment of equity shares (including share premium)	-	-
	Reimbursement of Travelling Expenses	0.15	0.29
Creation Investment Fusion II, LLC, Chicago, U.S.A.	Allotment of equity shares (including share premium)	1400.00	-
	Reimbursement of Travelling Expenses		-
Honey Rose Investment Ltd ("Warburg Pincus	Allotment of equity shares (including share premium)		
		3600.00	3,000.00
Nitin Gupta	Sitting fees	0.10	0.47
	Reimbursement of Travelling Expenses	-	0.01
Pradip Kumar Saha	Sitting fees	0.52	0.51
	Reimbursement of Travelling Expenses	0.05	0.07
Ms. Ratna Vishwanathan	Sitting fees	0.37	0.38
Ms. Namrata Kaul	Sitting fees	0.07	-

iii. The amount receivable/ (payable) from/ (to) related parties:

Name of the related party	Nature of transaction	As at March 31, 2020	As at March 31, 2019
Mr. Devesh Sachdev	Bonus payable	-	10.94
Mr. Gaurav Maheshwari	Bonus payable	-	1.60
Mr. Deepak Madaan	Bonus payable	-	0.90

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 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.

(₹ in millions unless otherwise stated)

42 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, 2020	
	Fair value	Carrying value
Financial assets:		
Cash and cash equivalents	5,396.67	5,396.67
Bank balances other than cash and cash equivalents	2,780.82	2,780.82
Trade receivables	31.39	31.39
Loans	33,545.28	33,429.73
Investments	5.00	5.00
Other financial assets	238.46	238.46
	41,997.62	41,882.07
Financial liabilities:		
Trade payables	40.71	40.71
Debt securities	4,173.02	3,998.98
Borrowings (other than debt securities)	24,777.75	24,571.58
Subordinated liabilities	1,285.47	1,166.29
Other financial liabilities	513.28	513.28
	30,790.23	30,290.84

Particulars	As at March 31, 2019	
	Fair value	Carrying value
Financial assets:		
Cash and cash equivalents	7,239.71	7,239.71
Bank balances other than cash and cash equivalents	2,665.21	2,665.21
Trade receivables	6.09	6.09
Loans	25,885.05	25,720.36
Investments	5.00	5.00
Other financial assets	97.24	97.24
	35,898.30	35,733.61
Financial liabilities:		
Trade payables	41.88	41.88
Debt securities	5,201.17	4,990.05
Borrowings (other than debt securities)	23,248.70	23,130.35
Subordinated liabilities	1,268.75	1,165.49
Other financial liabilities	419.12	419.12
	30,179.62	29,746.89

Particulars	As at April 01, 2018	
	Fair value	Carrying value
Financial assets:		
Cash and cash equivalents	4,951.06	4,951.06
Bank balances other than cash and cash equivalents	856.57	856.57
Trade receivables	4.80	4.80

(₹ in millions unless otherwise stated)

Particulars	As at April 01, 2018	
	Fair value	Carrying value
Loans	12,910.12	12,913.31
Investments	5.00	5.00
Other financial assets	233.51	233.51
	18,961.06	18,964.25
Financial liabilities:		
Trade payables	22.20	22.20
Debt securities	4,817.34	4,661.02
Borrowings (other than debt securities)	10,225.32	10,150.40
Subordinated liabilities	1,257.58	1,168.70
Other financial liabilities	461.86	461.86
	16,784.30	16,464.18

The carrying amount of cash and cash equivalents, bank balance (other than cash and cash equivalents), trade receivables, other financial assets/liabilities, trade payables and provisions are considered to be the same as their fair values, due to their short-term nature.

B. Fair value hierarchy of assets and liabilities

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2020	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments	5.00	5.00	-	-	5.00
Loans	33,429.73		33,545.28	-	33,545.28
	33,434.73	5.00	33,545.28	-	33,550.28
Financial liabilities:					
Debt securities	3,998.98	-	4,173.02	-	4,173.02
Borrowings (other than debt securities)	24,571.58	-	24,777.75	-	24,777.75
Subordinated liabilities	1,166.29	-	1,285.47	-	1,285.47
	29,736.85	-	30,236.24	-	30,236.24

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2019	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments	5.00	5.00		-	5.00
Loans	25,720.36		25,885.05	-	25,885.05
	25,725.36	5.00	25,885.05	-	25,890.05
Financial liabilities:					
Debt securities	4,990.05	-	5,201.17	-	5,201.17
Borrowings (other than debt securities)	23,130.35	-	23,248.70	-	23,248.70
Subordinated liabilities	1,165.49	-	1,268.75	-	1,268.75
	29,285.89	-	29,718.62	-	29,718.62

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in millions unless otherwise stated)

B. Fair value hierarchy of assets and liabilities (Contd.)

As at April 01, 2018	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments	5.00	5.00		-	5.00
Loans	12,913.31	-	12,910.12	-	12,910.12
	12,918.31	5.00	12,910.12	-	12,915.12
Financial liabilities:					
Debt securities	4,661.02	-	4,817.34	-	4,817.34
Borrowings (other than debt securities)	10,150.40	-	10,225.32	-	10,225.32
Subordinated liabilities	1,168.70	-	1,257.58	-	1,257.58
	15,980.12	-	16,300.24	-	16,300.24

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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.

There have been no transfer between Level 1,2 and 3 during the year ended March 31, 2020 and March 31, 2019.

43 Transfers of financial assets

A. Securitization Transactions:

During the period, the Company has entered into securitization arrangement with various parties. Wherein, the Company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under IND AS 109 as the Company has not substantially transferred risk and rewards with respect to these asset.The company has continued to recognise the transferred asset in its entirety and had recognised a financial liability for the consideration received.

The value of financial assets and liabilities as on:

	Carrying amount	
	Assets - Loans	Liabilities - Borrowings
Securitisation		
As at March 31, 2020	281.32	400.26
As at March 31, 2019	2,511.36	2,876.14
As at April 1, 2018	-	-

The carrying value of securitized loans approximate their fair value as the loans once sold cannot be transferred again

(₹ in millions unless otherwise stated)

B. Assignment transactions:

During the year ended March 31, 2020, the Company has sold some loans and advances as per 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 has evaluated that the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's busines 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/(loss) on derecognition, per type of asset:

	Carrying amount of derecognized financial assets	Gain/(loss) from derecognition
Assignment		
As at March 31, 2020	126.80	271.55
As at March 31, 2019	-	-
As at April 1, 2018	-	-

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirely, therefore the whole of the interest spread (over the expected life of the asset) is recognized on the date of derecognition itself as interest strip receivable and correspondingly recognised as profit on derecognition of financial asset.

44 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.

(₹ in millions unless otherwise stated)

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. Internal audit 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

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;

(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 rating model. 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)

LGD is the opposite of recovery rate. LGD = 1 - (Recovery rate). Recovery rate is calculated based on past observations of stage 3 loans. Recovery rate is the total of discounted value of all the recoveries from the loan account after its first fall in stage 3 category divided by the outstanding of the loan account on the date it fall under stage 3 category.

(₹ in millions unless otherwise stated)

(d) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. 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 Company's internally developed statistical model and other 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 credit rating grading system 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.

45 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.

(₹ in millions unless otherwise stated)

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a 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.

The following are the contractual maturities of financial labilities at the reporting date. The amount are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

March 31, 2020	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
Non - derivative financial liabilities									
Borrowings (other than debt securities)	1,516.85	1,314.27	1,926.97	5,416.05	8,282.14	8,216.75	291.42	21.15	26,985.60
Debt securities	12.87	56.67	6.60	514.56	509.24	2,407.87	920.05	954.04	5,381.90
Subordinated liabilities	7.97	7.82	25.50	41.59	152.10	808.70	656.78	-	1,700.46
Other financial liabilities	322.79	39.43	7.82	61.68	81.56	-	-	-	513.28
Trade payables	7.59	18.90	12.83	1.39	-	-	-	-	40.71
	1,868.07	1,437.09	1,979.72	6,035.27	9,025.04	11,433.32	1,868.25	975.19	34,621.95

March 31, 2019	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
Non - derivative financial liabilities									
Borrowings (other than debt securities)	1,369.00	1,417.30	1,229.22	4,589.84	7,312.00	9,342.48	160.29	-	25,420.13
Debt securities	12.99	29.59	47.39	886.50	310.62	3,531.99	1,490.36	659.51	6,968.95
Subordinated liabilities	8.09	7.83	25.79	41.57	82.56	389.49	1,310.97	-	1,866.30
Other financial liabilities	244.52	18.70	26.62	86.01	-	43.27	-	-	419.12
Trade payables	20.65	18.85	1.66	0.05	0.38	0.29	-	-	41.88
	1,655.25	1,492.27	1,330.68	5,603.97	7,705.56	13,307.52	2,961.62	659.51	34,716.38

April 1, 2018	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
Non - derivative financial liabilities									
Borrowings	581.34	473.04	506.31	1,905.26	3,176.18	4,738.90	111.10	-	11,492.13
Debt securities issued	31.13	114.73	20.87	193.36	531.48	2,818.98	1,702.44	1,438.16	6,851.15
Subordinated liabilities	4.55	7.95	25.56	41.91	81.96	400.82	808.70	656.78	2,028.23
Other financial liabilities	341.71	78.49	8.39	30.43	-	2.84	-	-	461.86
Trade payables	19.21	-	0.27	2.60	-	0.12	-	-	22.20
	977.94	674.21	561.40	2,173.56	3,789.62	7,961.66	2,622.24	2,094.94	20,855.57

46 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 two type's of market risks as follows:

(₹ in millions unless otherwise stated)

(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 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, 2020	March 31, 2019
0.50 % Increase	48.90	33.63
0.50 % Decrease	(48.90)	(33.63)

(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.

47 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. 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, 2020	As at March 31, 2019	As at April 1, 2018
Net Debt*	21,784.05	19,618.06	10,329.17
Total equity	11,988.89	6,258.54	2,739.96
Net debt to equity ratio	1.82	3.13	3.77

* 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.

(₹ in millions unless otherwise stated)

48 First time adoption of Ind AS

Explanation of transition to Ind AS

These financial statements for the year ended March 31,2020, are the first financial statements, the Company has prepared in accordance with Ind AS. For the periods up to and including the year ended March 31,2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Accordingly, the Company has prepared its financial statements to comply with Ind AS for the year ended March 31,2020, together with comparative data as at and for the year ended March 31,2019, as described in the summary of significant accounting policies. All applicable Ind AS have been applied consistently and retrospectively subject to Ind AS 101 exemptions and exceptions availed by the Company. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1 2018, the Company's date of transition to Ind AS.

In preparing its Ind AS balance sheet as at April 1 2018 and in presenting the comparative information for the year ended March 31 2019, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions:

(i) Property plant and equipment, intangible assets

As per Ind AS 101 an entity may elect to:

a) measure an item of property, plant and equipment at the date of transition

at its fair value and use that fair value as its deemed cost at that date; or

b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market); or

(c) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all of its property, plant and equipment, intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind ASs, as deemed cost as at the date of transition (i.e. 1 April 2018).

(₹ in millions unless otherwise stated)

(ii) Share based payments

As per Ind AS 101, at the date of transition, an entity may elect not to fair value equity options vested before transition date as required under Ind AS 102 Share based payment. However, if an entity elects to apply Ind AS 102 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in Ind AS 102.

The Company has elected to apply Ind AS 102 to all equity options on the transition date for which entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in Ind AS 102."

(iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements."

B. Mandatory exceptions:

(i) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the derecognition principles of Ind AS 109 prospectively from 01 April 2018."

(ii) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income

- Impairment of financial assets based on the expected credit loss model.

- Determination of the discounted value for financial instruments carried at amortised cost

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition.

(₹ in millions unless otherwise stated)

49 Reconciliation for the year ended March 31, 2019 and as at April 1, 2018

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) Reconciliation of equity

Particulars	Note below	As at date of transition April 1, 2018			As at March 31, 2019		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets							
Financial assets							
Cash and cash equivalents		4,946.41	4.65	4,951.06	7,234.73	4.98	7,239.71
Bank balances other than cash and cash equivalents		856.57	(0.00)	856.57	2,665.21	0.00	2,665.21
Trade receivables		4.80	0.00	4.80	6.09	(0.00)	6.09
Loans	1,4,5&8	12,718.22	195.09	12,913.31	22,973.69	2,746.67	25,720.36
Investments		5.00	-	5.00	5.00	-	5.00
Other financial assets	1	189.31	44.20	233.51	275.12	(177.88)	97.24
Non-financial assets							
Current tax assets (net)		54.75	2.04	56.79	78.60	(0.00)	78.60
Deferred tax	7	250.93	(65.11)	185.82	228.74	(14.43)	214.31
Property, plant and equipment		47.25	0.00	47.25	53.52	(0.01)	53.51
Intangible assets		2.39	(0.00)	2.39	1.73	0.00	1.73
Other non-financial assets		101.87	(83.73)	18.14	124.32	(100.87)	23.45
Total assets		19,177.51	97.13	19,274.64	33,646.74	2,458.47	36,105.21
Equity and liabilities							
Financial liabilities							
Trade payables		22.22	(0.02)	22.20	41.91	(0.03)	41.88
Debt securities	3&8	4,679.67	(18.65)	4,661.02	5,007.00	(16.95)	4,990.05
Borrowings (other than debt securities)	3&8	10,198.31	(47.91)	10,150.40	20,682.28	2,448.07	23,130.35
Subordinated liabilities	3&8	1,170.00	(1.30)	1,168.70	1,170.00	(4.51)	1,165.49
Other financial liabilities		461.87	(0.01)	461.86	419.12	(0.00)	419.12
Non-Financial Liabilities							
Current tax liabilities (net)		1.57	2.00	3.57	0.38	0.00	0.38
Provisions		38.36	0.00	38.36	52.90	(0.00)	52.90
Other non-financial liabilities		28.57	(0.00)	28.57	46.50	0.00	46.50
Total liabilities		16,600.56	(65.88)	16,534.68	27,420.10	2,426.57	29,846.67
Equity							
Equity share capital		441.83	0.00	441.83	615.78	(0.01)	615.77
Other equity	10&11	2,135.13	163.00	2,298.13	5,610.87	31.90	5,642.77
Total equity		2,576.95	163.01	2,739.96	6,226.65	31.89	6,258.54
Total equity and liabilities		19,177.51	97.13	19,274.64	33,646.74	2,458.47	36,105.21

(₹ in millions unless otherwise stated)

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2019

Particulars	Note below	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations				
Interest income	4&5	4,839.66	(145.92)	4,693.74
Fees and commission income	-	66.51	-	66.51
Net gain on fair value changes	-	182.89	-	182.89
Total Revenue from operations		5,089.06	(145.92)	4,943.14
Other income		27.39	-	27.39
Total Income		5,116.45	(145.92)	4,970.53
Expenses				
Finance costs	3&8	2,436.85	103.04	2,539.89
Impairment on financial instruments	1	250.86	(44.11)	206.75
Employee benefits expenses	9&12	1,017.38	15.95	1,033.33
Depreciation and amortization		23.87	-	23.87
Others expenses	1	505.26	(22.60)	482.66
Total Expenses		4,234.22	52.28	4,286.50
Profit before tax		882.23	(198.20)	684.03
Tax Expense:				
Current tax		206.52	0.09	206.61
Deferred tax	7	22.19	(51.46)	(29.27)
Profit for the year		653.52	(146.83)	506.69
Other comprehensive income	12			
Items that will not be reclassified subsequently to profit or loss				
Remeasurement gains on defined benefit plans		-	2.28	2.28
Income tax effect on above		-	(0.80)	(0.80)
Total		**-**	**1.48**	**1.48**
Other comprehensive income		**-**	**1.48**	**1.48**
Total comprehensive income for the year		653.52	(145.35)	508.17

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Notes to the translations adjustments/reconciliations

1 Expected credit loss allowance

Under previous GAAP, provision on loans was recognised based on RBI income recognition and asset classification norms. On transition to Ind AS, the Company has assessed impairment loss on loans, investments, trade receivables and other financial assets based on the expected credit loss model as required by Ind AS 109.

2 Defined benefit liabilities

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income.

(₹ in millions unless otherwise stated)

3 Borrowings

Under previous GAAP, transaction costs incurred on borrowings were amortised to profit or loss on a straight line basis over the tenure of the borrowings. Under Ind AS 109 transaction costs incurred towards origination of financial liabilities (borrowings) are amortised to profit or loss as interest expense on a effective interest rate basis.

4 Loans

Under previous GAAP, fees charged on origination of a loan were recognised upfront in statement of profit or loss. Under Ind AS 109 requires transaction costs/fees incurred towards origination of loans are recognised in profit or loss as interest income on a effective interest rate basis.

5 Interest income on stage 3 assets

Under the previous GAAP, interest income on nonperforming assets (NPA) was recognised upon realisation as per RBI Guidelines. Under Ind AS, interest income from financial assets is recognised on an accrual basis using Effective Interest Rate (EIR) method on the gross carrying amount for assets falling under stages 1 and 2 and on the amortised cost for assets falling under stage 3. Accordingly, the Company has recognised income on stage 3 assets on the carrying value of the asset.

6 Fair valuation of investments

Under the previous GAAP, Current investments were carried at lower of cost and fair value

The comparison of cost and fair value is done separately in respect of each investments.

Under Ind AS, investment in in mutual funds is classified as at fair value through profit and loss (FVTPL) with changes in fair value recognised in profit and loss account."

7 Deferred tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, Company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

8 Securitisation

The Company enters into arrangements for sale of loan receivables through securitisation. Under previous GAAP, securitisation transactions are accounted as under:

(i) Loan receivables is derecognised basis true sale criteria

(ii) Excess interest spread (EIS i.e. difference between the pool IRR and the yield agreed with the portfolio buyer) under par structure of securitization of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by Special Purpose Vehicle (SPV). Loss, if any, is recognised upfront.

Under Ind AS, said transaction fails to meet the derecognition test since the asset has been transferred but substantial risk and rewards has been retained by the Company (in form of credit enhancement provided), Accordingly, the Company has not derecognised the loan receivables and the consideration received has been recognised as a borrowing in the books of accounts. Also Interest income on said loan receivables has been recognised along with interest expense on borrowings assumed.

9 Employee stock option expense

Under the previous GAAP, the cost of employee stock options were recognised using the intrinsic value method wherein the excess of market price of share over the exercise price was recorded as an employee benefit expense. Under Ind AS, the cost of equity settled employee stock options is recognised based on the fair value of the options as at the grant date.

10 Consolidation of ESOP trust

Under Indian GAAP, the Company did not Consolidate the ESOP trust in its standalone financial statements. Under Ind AS, the Company has consolidated ESOP trust in its standalone financial statements considering the trust as an extended arm of the Company.

(₹ in millions unless otherwise stated)

11 Retained earnings

Retained earnings as at 1 April 2018 has been adjusted consequent to the above Ind AS transition adjustments.

12 Other comprehensive income

"Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans.

The concept of other comprehensive income did not exist under previous GAAP.

		As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
50	**Contingent Liabilities, commitments and contingent assets**			
A	**Contingent liabilities**			
	(i) Credit enhancements provided by the Company towards securitization (including cash collaterals and principal)	-	169.74	380.14
	Total	-	169.74	380.14

The Company has entered into business correspondence arrangements with the bank. As per the terms of the said agreement, the Company has given performance security amounting to ₹ 48.71 million (March 31 2019 : ₹ 123.61 million, April 1 2018 : ₹ 138.31 million) towards the loans disbursed by the bank under the agreement. The total outstanding of such loans was ₹ 81.21 million (March 31 2019 : ₹ 485.31 million, April 1 2018 : ₹ 628.42 million). The performance security provided is in the nature of fixed deposits and corporate guarantee.

B. Commitments

There are no commitments as at March 31 2020, March 31 2019 and April 1 2018.

C. Contingent assets

There are no contingent assets as at March 31 2020, March 31 2019 and April 1 2018.

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 2020, the Company does not have any material litigation pending with Income tax authorities, Goods and service authorities and other statutory authorties in the ordinary course of business requiring any provsion to be provided in books of accounts.

51 Revenue from contracts with customers

	For the year ended March 31, 2020	For the year ended March 31, 2019
Type of services		
Facilitation fees	7.18	2.80
Income from business correspondence services	27.46	63.71
Market support income	74.10	-
Total	108.74	66.51
Geographical markets		
India	108.74	66.51
Outside India	-	-
Total	108.74	66.51

(₹ in millions unless otherwise stated)

52 In terms of applicability of Ind AS 116, the Company has availed exemption on the branch lease on the plea of short-term lease arrangements. For head office lease arrangements, the lease does not qualify for an enforceable contract for the lease term and thus does not have any impact of Ind AS 116.

53 The company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019. Accordingly the Company has recognized Provision for Income Tax for year ended March 31, 2020 and recognized its deferred tax assets and liabilities based on the rates prescribed in the aforesaid section. The impact of this change has been recognized in the statement of profit and loss for the and year ended March 31, 2020.

54 The "severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across the globe including India, resulting into a significant decline and volatility in financial markets and a significant decrease in global and India's local economic activities. On March 24, 2020, the Indian Government announced a 21 days lockdown which was further extended from time to time across the nation as a strict measure to contain the spread of the virus. Due to the continuous lockdowns the Company's operations were suspended. To deal with this disruption and in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020, the Company has given an option for availing moratorium to all the eligible borrower's as per the Moratorium policy of the Company.

An inherent part of the Company's business model is to raise funds for onward lending to its customers. The total borrowing of the Company as at 31 March 2020 are ₹ 29,736.84 Mn. The Company has received moratorium in respect of its borrowing amounting to ₹ 11,445.94 Mn in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020. The management has performed a detailed assessment of its monthly cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations even though its monthly collections remain below average due to continuation of lockdown. In its assessment, the Company has considered debt amounting to ₹3,750.00 Mn received post March 31, 2020 and also considered undrawn bank lines amounting to ₹445.00 Mn.

The Company has recorded an expected credit loss provision of ₹ 982.36 Mn as at 31 March 2020 in respect of its loans and advance. In accordance with the guidance from ICAI, extension of the moratorium to borrowers by the Company pursuant to the RBI guidelines relating to COVID 19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020 by itself is not considered to result in a significant increase in credit risk of a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular, once the moratorium period gets over. The Company has recorded a macroeconomic (management) overlay of ₹ 510.41 Mn as part of its ECL (being 1.5 % of stage 1 and stage 2 portfolio) , to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic.

Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the company's operations and financial metrics (including impairment provision on loans) will depend on further developments concerning the resumption of economic activity which are uncertain and incapable of estimation at this time.

55 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, 2020	As at March 31, 2019
CRAR (%)	35.82%	26.92%
CRAR- Tier I (%)	33.08%	23.82%
CRAR- Tier II (%)	2.74%	3.11%
Amount of subordinated debt raised as Tier-II capital	1,166.29	1,165.49
Amount raised by issue of Perpetual Debt Instruments	-	-

b. Exposure to real estate sector

The Company does not have any direct and indirect exposure to real estate sector.

(₹ in millions unless otherwise stated)

c. Assets liability management:

Maturity pattern of certain items of assets and liabilities as on 31 March 2020

Particulars	Up to I 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
Borrowings	610.27	558.64	1,745.36	5,192.23	8,985.62	11,767.35	857.38	20.00	29,736.85
Advances*	11.72	8.58	2,597.60	6,364.90	11,196.71	13,978.45	0.10	-	34,158.06
Investments	-	5.00	-	-	-	-	-	-	5.00

*Net of provision towards non-performing loans and advances

Maturity pattern of certain items of assets and liabilities as on 31 March 2019

Particulars	Up to I 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
Borrowings	1,543.08	1,314.98	1,088.01	5,010.04	6,675.44	11,894.34	1,760.00	-	29,285.89
Advances*	1,989.71	1,880.04	1,633.02	5,147.29	8,357.26	6,874.08	-	-	25,881.40
Investments	-	-	-	-	-	5.00	-	-	5.00

*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, 2020

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	147	50,07,600	21,16,533	28,91,067

*includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2019

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	103	1,05,32,331	29,37,175	75,95,156

*includes recoveries in respect of frauds reported in earlier years

e. Ratings assigned by credit rating agencies and migration of ratings during the year:

Particulars	Amount	Credit Rating Agency	Date of Rating	Valid upto	Current Rating	Previous Rating
Bank Loan Rating	14,600.00	Credit Analysis & Research Ltd.	Jan-20	See Note 1	CARE A-; Positive	CARE A-; Stable
Bank Loan Rating	5,000.00	CRISIL Limited	Jul-19	See Note 1	CRISIL A - (Stable)	-
Cash Credit	400.00	Credit Analysis & Research Ltd.	Jan-20	See Note 1	CARE A-; Positive	CARE A-; Stable
Non - Convertible Debenture	300.00	Credit Analysis & Research Ltd.	Jan-20	See Note 1	CARE A-; Positive	CARE A-; Stable
Non - Convertible Debenture (MLD)	250.00	Credit Analysis & Research Ltd.	Jan-20	See Note 1	CARE PP-MLD A-; Positive	CARE PP MLD A-; Stable
Non - Convertible Debenture	4,935.00	ICRA Limited	Aug-19	See Note 1	[ICRA]A-(Stable)	[ICRA]A-(Stable)
Subordinate Debt (NCD)	300.00	Credit Analysis & Research Ltd.	Jan-20	See Note 1	CARE A-; Positive	CARE A-; Stable
Subordinate Debt	500.00	ICRA Limited	Aug-19	See Note 1	[ICRA]A-(Stable)	[ICRA]A-(Stable)
Subordinate Debt*	370.00	-	-	-	-	-

(₹ in millions unless otherwise stated)

Particulars	Amount	Credit Rating Agency	Date of Rating	Valid upto	Current Rating	Previous Rating
Organization Grading	N.A	Credit Analysis & Research Ltd.	Dec-19	Dec-20	MF1 1 (One)	MF1 1 (One)
Securitization	403.70	ICRA Limited	May-19	Jun-20	[ICRA] AA(SO)	[ICRA]A(SO)
Securitization	22.40	ICRA Limited	May-19	Aug-20	[ICRA] AA-(SO)	[ICRA]BBB-(SO)
Securitization	343.00	ICRA Limited	May-19	Feb-20	[ICRA] AAA(SO)	[ICRA]A-(SO)
Securitization	19.10	ICRA Limited	May-19	May-20	[ICRA] AA(SO)	[ICRA]BBB-(SO)
Securitization	391.10	ICRA Limited	Jun-19	Jul-20	[ICRA] AA(SO)	[ICRA]A+(SO)
Securitization	20.10	ICRA Limited	Jun-19	Aug-20	[ICRA] AA-(SO)	[ICRA]BBB+(SO)
Securitization	519.30	ICRA Limited	Jun-19	Apr-20	[ICRA] AA+(SO)	[ICRA]A+(SO)
Securitization	32.70	ICRA Limited	Jun-19	Jun-20	[ICRA] AA(SO)	[ICRA]BBB+(SO)
Securitization	495.20	ICRA Limited	Jun-19	Feb-20	[ICRA] AAA(SO)	[ICRA]A(SO)
Securitization	27.80	ICRA Limited	Jun-19	Apr-20	[ICRA] AA(SO)	[ICRA]BBB(SO)
Securitization	533.90	ICRA Limited	Dec-19	Aug-20	[ICRA]A(SO)	-
Securitization	30.30	ICRA Limited	Dec-19	Sep-20	[ICRA]BBB+(SO)	-

*Unrated

Note 1: Rating is subject to annual surveillance till final repayment/redemption of rated facilities.

f. Disclosure of Complaints

Particulars	No. of Complaints	
	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	14	35
No. of complaints received during the year	721	572
No. of complaints redressed during the year	691	593
No. of complaints pending at the end of the year	44	14

g. Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Concentration of Advances		
Total advances to twenty largest borrowers	6.46	1.40
(%) of advances to twenty largest borrowers to total advances	0.02%	0.01%
Concentration of Exposures		
Total exposure to twenty largest borrowers	6.46	1.40
(%) of exposures to twenty largest borrowers to total exposure	0.02%	0.01%
Concentration of NPAs		
Total exposure to top four NPA accounts	0.32	0.17

(₹ in millions unless otherwise stated)

h. Sector wise NPAs

Particulars	% of NPA to total advances in that sector	
	As at March 31, 2020	As at March 31, 2019
Agriculture & allied activities #	0.77%	1.28%
MSME	1.71%	1.36%
Corporate borrowers	NA	N.A
Services	1.14%	1.23%
Unsecured personal loans	N.A	N.A
Auto loans	N.A	N.A
Other personal loans	N.A	N.A

including manufacturing & production, trade & retail, CS and others.

i. Movement of NPA,s

Particulars	March 31, 2020	March 31, 2019
i) Net NPA to net advances percentage	0.39%	0.56%
ii) Movement of NPAs (Gross)		
a) Opening balance	404.24	648.34
b) Additions during the year	332.32	47.01
c) Reduction during the year (write off)	(352.05)	(291.11)
d) Closing balance	**384.51**	**404.24**
iii) Movement of net NPAs		
a) Opening balance	144.53	218.96
b) Additions during the year	(14.06)	(74.44)
c) Reduction during the year	-	-
d) Closing balance	**130.47**	**144.53**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	259.71	429.38
b) Provision made during the year	346.38	121.45
c) Write off/ write back of excess provisions	(352.05)	(291.11)
d) Closing balance	**254.04**	**259.71**

j. Investments

Particular	As at March 31, 2020	As at March 31, 2019
1. Value of Investments		
(i) Gross value of investments		
(a) In India	5.00	5.00
(b) Outside India	-	-
(ii) Provision for depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments	-	-
(a) In India	5.00	5.00
(b) Outside India	-	-

(₹ in millions unless otherwise stated)

Particular	As at March 31, 2020	As at March 31, 2019
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
33	27,188.58	-	89.40%

(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)

Amount	% of Total Borrowings
16,784.80	56.44%

(iv). Funding concentration based on significant instrument/product*

Name of the instrument/product	Amount	% of Total Liabilities
Term loans from Banks	21,526.53	70.79%
Subordinate Debts	1,166.29	3.84%
Non Convertible Debentures	3,998.98	13.15%
Term Loans from Others Parties (NBFC and FIs)	2,644.79	8.70%
Borrowings under Securitization arrangement	400.26	1.32%

(v). Stock Ratios

Particulars	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	8.88%	7.89%	5.66%

(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

(₹ in millions unless otherwise stated)

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 standalone financial statement for the year ended March 31, 2020.

k. Details of assignment transactions:

Particulars	March 31, 2020	March 31, 2019
Total no. of loans assigned	2,81,906	-
Aggregate book value of loan assigned	3,522.17	-
Sale consideration received for loan assigned	3,522.17	-
Aggregate gain / (loss) over net book value	-	-

l. Disclosure related to securitization

Particulars	March 31, 2020	March 31, 2019
Total no. of loans securitized	1,40,732	2,87,573
Aggregate book value of loan securitized	1085.13	3662.97
Aggregate book value of loan securitized (incl. MRR)	1172.90	3912.77
Sale consideration received for loan securitized	1085.13	3662.97
Credit enhancements provided and outstanding (Gross):		
Principal subordination	42.47	249.80
Cash collateral	30.33	219.90
Outstanding value of loan securitized during the year	156.93	2511.36

Particulars	As at March 31, 2020	As at March 31, 2019
1.Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitisation transactions	6	11
2.Total amount of securitised assets as per books of the SPVs sponsored by the Company#	568.89	3256.16
3.Total amount of exposures retained by the Company to comply with Minimum Retention Rate (MRR) as on the date of balance sheet		

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss (Cash collateral)	170.50	324.30
* First loss (Micro finance loans)	194.64	338.85
* 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		
i) Exposure to own securitizations		
* 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, 2020	March 31, 2019
Provision for non-performing loan portfolio	346.38	121.45
Provision for standard portfolio	567.28	85.30
Provision for insurance recoverable and BC collection	6.01	18.10
Provision for Income Tax (net)	0.53	0.38
Provision for cash loss	5.72	(16.91)
Provision for gratuity	12.71	10.73
Provision for leave benefits	15.40	3.22

n. Information on Net Interest Margin

Particulars	As at March 31, 2020	As at March 31, 2019
Average interest charged (A)	21.18%	22.35%
Average effective cost of borrowings (B)	12.33%	12.67%
Net Interest Margin (A-B)	8.85%	9.68%

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.

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019

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	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 assest	Stage I	33,861.54	645.31	33,216.23	333.10	312.21
	Stage II	166.06	83.02	83.04	1.53	81.49
Subtotal (A)		34,027.60	728.32	33,299.28	334.63	393.69
Non-performing assets						
Sub-standard	Stage III	384.49	254.04	130.45	3.25	250.79

Assets classification under RBI norms	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)
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)		384.49	254.04	130.45	3.25	250.79
Total	**Stage I**	**33,861.54**	**645.31**	**33,216.23**	**333.10**	**312.21**
	Stage II	166.06	83.02	83.04	1.53	81.49
	Stage III	384.49	254.04	130.45	3.25	250.79
	Total	34,412.09	982.36	33,429.73	337.88	644.48

*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.

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, 2020 and March 31, 2019.

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, 2020 and March 31, 2019.

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, 2020 and March 31, 2019.

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, 2020 and March 31, 2019.

t. Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2020 and March 31, 2019.

u. The Company does not have any foreign currency exposure and/or derivatives during the year ended March 31, 2020 and March 31, 2019.

v. The Company has no loans outstanding as at March 31, 2020 and March 31, 2019 that are secured agianst gold.

w. Details of registration with financial and other regulators

Regulator	Registration number	Date of registration
Ministry of Corporate Affairs	U65100DL1994PTC061287	September 5, 1994
Reserve Bank of India	B-14.02857	May 19, 2010

56 The figures for the previous year have been regrouped/rearranged wherever necessary to conform to current year presentation

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 : June 22, 2020

for and on behalf of the Board of Directors of
Fusion Micro Finance Private Limited
CIN:U65100DL1994PTC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary

Gaurav Maheshwari
Chief Finance Officer

Place: New Delhi
Date : June 22, 2020

Corporate Information

BOARD OF DIRECTORS

Mr. Devesh Sachdev	Managing Director & CEO
Mr. Pradip Kumar Saha	Independent Director
Ms. Ratna Dharashree Vishwanathan	Independent Director
Ms. Namrata Kaul	Independent Director
Mr. Kenneth Dan Vander Weele	Nominee Director
Mr. Narendra Ostawal	Nominee Director

KEY MANAGERIAL PERSONNEL

Mr. Devesh Sachdev	Chief Executive Officer
Mr. Gaurav Maheshwari	Chief Financial Officer
Mr. Deepak Madaan	Company Secretary

REGISTERED OFFICE

FUSION MICROFINANCE PRIVATE LIMITED

H-1, C-Block, Community Centre, Naraina Vihar,
New Delhi-110028
Tel: +91 46646600
Website: www.fusionmicrofinance.com

STATUTORY AUDITORS (AS ON MARCH 31, 2020)

S.R. Batliboi & Associates LLP,

Firm Registration Number: 101049W/E300004,
Chartered Accountants,
Tower B, Golf View Tower,
Sector Road, Sector 42,
Gurgaon - 122002

REGISTRAR & SHARE TRANSFER AGENT

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

DEBENTURE TRUSTEE DETAILS

CATALYST TRUSTEESHIP LIMITED
(Formerly known as GDA)

Office No. 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point,
Mumbai – 400021

AXIS TRUSTEE SERVICES LIMITED

Axis House, 2nd Floor, Wadia International Centre, Pandurang
Budhkar Marg, Worli, Mumbai-400 025.

VISTRA ITCL (INDIA) LIMITED

IL & FS Financial Centre, Plot No C-22, G Block, Bandra Kurla
Complex, Bandra East, Mumbai, Maharashtra-400051

LENDERS

S. NO	LENDER NAME
1	Oriental Bank of Commerce
2	Indian Bank
3	Union Bank of India
4	Small Industries Development Bank of India
5	State Bank of India
6	National Bank for Agriculture and Rural Development (NABARD)
7	Micro Units Development & Refinance Agency Limited (MUDRA)
8	Bank Of Baroda
9	RBL Bank Limited
10	BNP Paribas
11	Standard Chartered Bank
12	HDFC Bank Limited
13	DCB Bank Limited
14	Yes Bank Limited
15	Axis Bank Limited
16	Kotak Mahindra Bank Limited
17	Utkarsh Small Finance Bank
18	Federal Bank Limited
19	HSBC Bank Limited
20	Au Small Finance Bank Limited
21	Fincare Small Finance Bank Limited
22	IDFC First Bank Limited
23	Bandhan Bank Limited

S. NO	LENDER NAME
24	Woori Bank
25	CITI Bank
26	Ujjivan Small Finance Bank Limited
27	ICICI Bank Limited
28	Equitas Small Finance Bank
29	Credit Agricole Corporate and Investment Bank
30	MAS Financial Services Limited
31	NABKISAN Finance Limited
32	Mahindra & Mahindra Financial Services Limited
33	Manappuram Finance Limited
34	Shriram City Union Finance Limited
35	Hinduja Leyland Finance Limited
36	Muthoot Capital Services Limited
37	Sundaram Fianance Limited
38	BAJAJ Finance Limited
39	Northern Arc Capital Limited
40	Blue Orchard
41	ASN Microcredit Fund (TJ)
42	AAV Saral-Symbiotic
43	UTI International Wealth Creator ("responsAbility")
44	Triodos Fare Share Fund
45	CPP-Incofin
46	Triodos Microfinance Fund

Fusion
Microfinance

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