

GROUNDING TO
GROW,
BUILT TO BE
TRUSTED.

Empowering Lives. Enabling progress.



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MESSAGE FROM MD & CEO



Dear Shareholders,

FY25-26 was a year of reckoning, recalibration, and ultimately recovery. The microfinance industry navigated one of its most challenging cycles in recent memory, marked by borrower overleveraging, localised stress, and a more cautious credit environment across the sector. Fusion Finance was not insulated from these pressures. More importantly, it was a year that tested our institution's resilience and reaffirmed the strength of our operating philosophy.

The year began with difficulty. Portfolio stress accumulated, credit costs remained elevated, and the operating environment demanded difficult decisions. We made those choices deliberately: we moderated growth, tightened underwriting standards, strengthened collections, and invested in governance, leadership, and institutional capability. As the year progressed, the benefits of these actions became increasingly visible through improving asset quality, stronger collection performance, a return to profitability, and a more resilient organisation.

I am pleased to report that the Company returned to profitability in the latter quarters of FY26, recording a Profit After Tax of ₹14 crore for the full year and ₹114 crore in Q4 FY26 alone — against a loss of ₹1,225 crore in FY25. Our CNPA improved steadily through the year, declining from 7.92% to 3.21%, while average collection efficiency of MFI reached 99.66% in Q4 FY26. Our new book, introduced after the implementation of revised credit guardrails in August 2024, now accounts for 87% of the MFI portfolio, with average collection efficiency of 99.77% in Q4 FY26.

The year's most significant capital milestone was the successful completion of our Rights Issue, which raised ₹800 crore and strengthened our Net Worth to ₹2,456 crore, up 49% year-on-year, with a robust CRAR of 36.46%. Credit costs declined for the sixth consecutive quarter, down 78% from the prior year. CARE reaffirmed our credit ratings at A with the outlook upgraded to Stable. The balance sheet is well-positioned to execute our FY27 ambitions. Importantly, both the industry and Fusion have deleveraged meaningfully through this cycle, with borrower indebtedness now at considerably healthier levels than in recent years - leaving the book materially better placed to absorb more complex headwinds going forward.

Operating Environment & Strategic Response

Against a backdrop of elevated sector stress driven by borrower overleveraging in certain geographies and a more cautious credit environment, we undertook targeted structural and operational measures to strengthen the organisation. Rural income pressures, inflation, and RBI's emphasis on responsible lending and borrower-level exposure norms shaped the operating context. Headwinds eased as the year progressed. The long-term structural story for financial inclusion in India remains as compelling as ever.

We recalibrated our credit framework with tighter underwriting standards, tighter-than-SRO-recommended guardrails, and a more granular, data-driven assessment of customer income, leverage, and repayment capacity. Collection infrastructure was strengthened, with greater emphasis on early stress identification and disciplined recovery practices. The incentive structures were realigned around portfolio quality and collection efficiency. These corrective actions moderated near-term growth and profitability, but they were essential to stabilise the business and reinforce the foundation for sustainable long-term growth.

Strengthening Leadership & Governance

FY26 marked a significant strengthening of our leadership bench across credit, compliance, finance, strategy, internal audit, and MSME operations. We

welcomed senior leadership to the positions of Chief Credit Officer, Chief Compliance Officer, Chief Internal Auditor, Chief Operating Officer – MSME, Chief Financial Officer, and Chief Strategy Officer, each bringing rich experience and strong business pedigree. These appointments deepened the capability and accountability of our leadership team, complementing a Board anchored by experienced independent directors spanning NBFC, banking, regulatory affairs, private equity, and fintech.

Technology & Digital Capabilities

Investments in technology and analytics were a meaningful enabler of operational improvement this year. Digital onboarding capabilities, including real-time Voter ID validation, Aadhaar-based verification, and paperless digital signing, reduced onboarding timelines and improved field productivity, while AI-driven customer engagement and ML-based credit tools enhanced collection consistency, underwriting accuracy, and risk responsiveness. These capabilities will continue to strengthen efficiency and support scalable growth over the long term.

Outlook & Priorities for FY27

We enter FY27 with a stronger foundation and clear priorities. In MFI, we will accelerate calibrated volume growth through improved origination infrastructure and field capabilities. MSME is emerging as our growth engine for the years ahead: built on stronger underwriting discipline. It allows us to deepen our presence in tier 3 and tier 4 markets, where formal credit penetration remains low, and the opportunity for responsible, secured lending is significant. Across both businesses, technology will remain a key enabler of efficiency and risk responsiveness, supported by our strong capital base, comfortable liquidity, and diversified funding mix.

Our strategy for creating shareholder value remains centred on building a sustainable, resilient, and well-governed business while maintaining a balanced approach to growth and risk management. Continued focus on portfolio quality, disciplined underwriting, and prudent risk management will support consistent



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asset quality across business cycles. The demand for responsible credit among underserved households and small businesses in India is vast and growing, and Fusion Finance is well-positioned and deeply committed to serving this market with the care, discipline, and integrity it deserves.

I would like to sincerely thank our customers, employees, lending partners, regulators, Board members, and shareholders for their continued trust and support throughout this period of transformation.

The progress we achieved during FY26 reinforces a simple belief: **Sustainable growth is possible only when it is grounded in discipline, governance, and the trust of all our stakeholders.**

The foundation has been rebuilt. Now we build on it.

Warm regards,
Sanjay Garyali

Managing Director & CEO, Fusion Finance Limited

BOARD OF DIRECTORS



Sanjay Garyali
Managing Director
and Chief Executive
Officer



**Brahmanand
Hegde**
Independent Director



**Hemant
Omprakash
Mundra**
Non-Executive
Director



Namrata Kaul
Independent Director



Puneet Gupta
Independent Director



Rajeev Sardana
Independent Director



Remika Agarwal
Non- Executive Director



**Ratna
Dharashree
Vishwanathan**
Independent Director*

*Completed her second and final term as an Independent Director on May 23, 2026.

Leadership Driving Growth

Meet the leaders guiding Fusion Finance’s journey of empowering underserved communities through responsible and inclusive financial services.



Sanjay Garyali

Managing Director and
Chief Executive Officer



Krishan Gopal

Chief Financial Officer



Sunil Mundra

Chief Operating Officer - MFI



Jitender Sharma

Chief Operating
Officer - MSME



Sushil Menon

Chief Information
Officer & Interim CISO



Pooja Mehta

Chief Human Resource Officer



**Priyanka Seth
Wadhera**

Chief Strategy Officer



Anurag Srivastava

Chief Credit Officer



Nishant Monga

Chief Compliance Officer



Sanjay Choudhary

Chief Risk Officer



Gautam Munjal

Chief Internal Auditor



Vikrant Sadana

Company Secretary and
Compliance Officer



About Fusion Finance Limited

Fusion Finance Limited (Formerly known as Fusion Micro Finance Limited) was established in 2010 as a registered NBFC-MFI. Founded with the mission of creating opportunities at the bottom of the pyramid, Fusion focuses on delivering financial services to underserved and unserved women in rural and semi-rural areas across India.

In 2019, the Company diversified its offerings by launching a new MSME loan vertical to address the needs of the 'missing middle' segment. By 2022, just 12 years after its inception, Fusion achieved a significant milestone by becoming a public listed Company on India's premier stock exchanges, BSE and NSE.

Fusion leverages its robust network, customer-first approach, and technology-driven platform to enhance access to formal credit. This has led to meaningful improvements in the lives of its rural customers. With a strong presence in underserved markets, the Company is well-positioned to expand its range of financial products where the need for financial inclusion remains high.

Since its establishment in 2010, Fusion Finance has steadily evolved into a trusted financial institution. Founded by Devesh Sachdev, the Company was built on a strong foundation of vision, commitment and inclusive growth.

The core values established during its formative years continue to guide Fusion Finance as it expands its efforts to strengthen financial inclusion across the country

Vision



Fusion Finance, with a social vision and business orientation, aims to provide underprivileged women with economic opportunities to transform the quality of their lives.

Mission



A self-sustainable financial institution which leverages the distribution network to channel products and services.

The Values We Live By

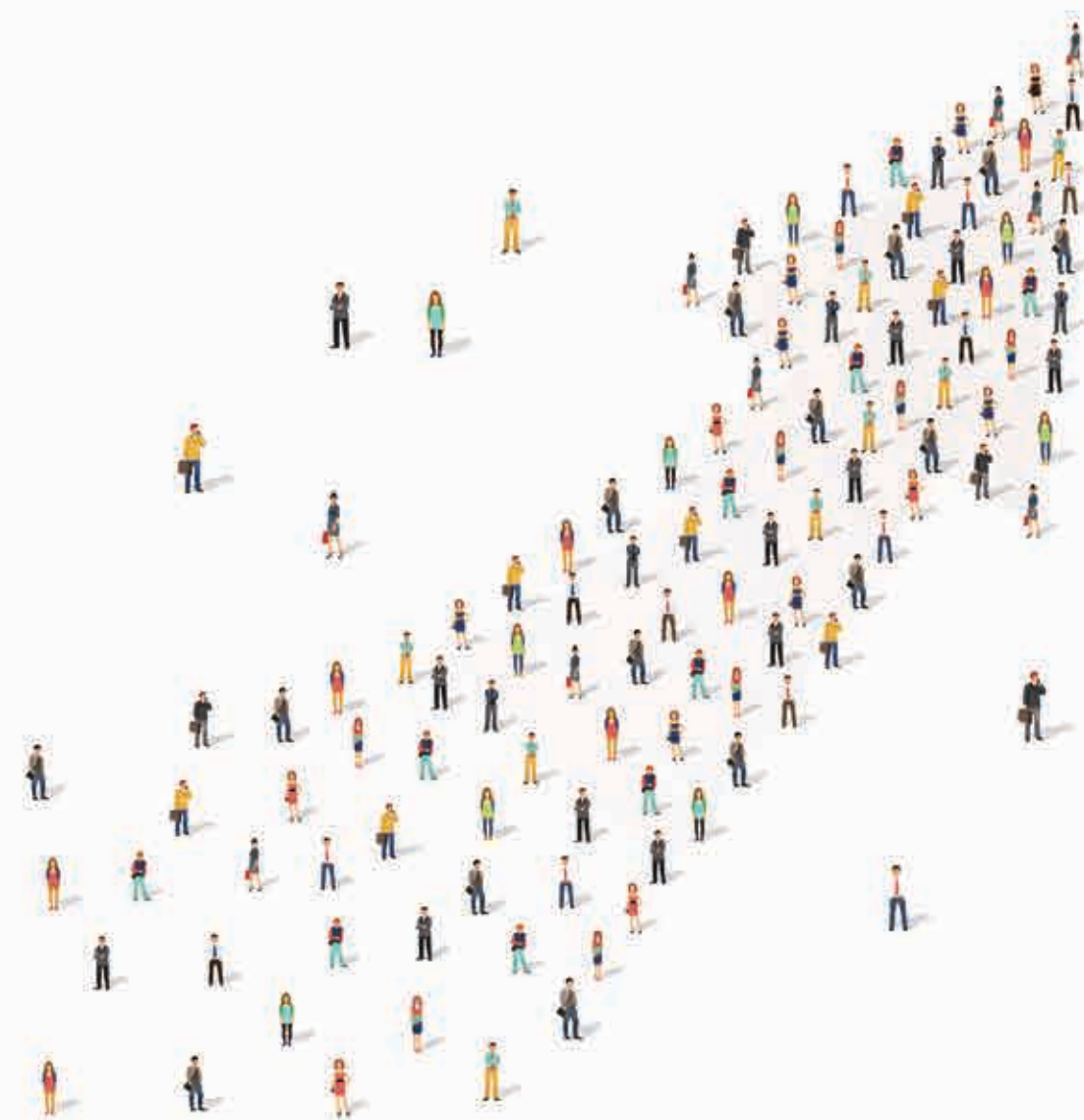


- Customer Centricity • Respect • Responsibility
- Collaboration • Humility • Governance & Transparency



Strategy & Growth Priorities

The Company's strategy for creating shareholder value is centred on building a sustainable, resilient, and well-governed business while maintaining a disciplined approach to growth and risk management. A key pillar of this strategy is the continued focus on portfolio quality and disciplined underwriting practices, supported by a recalibrated credit framework and strengthened risk management processes to ensure consistent asset quality across business cycles.



The Company is also prioritising a balanced business model that focuses on optimising the portfolio mix, enhancing collection efficiencies, and driving operational efficiencies.

As part of its growth priorities, the Company is expanding into the MSME segment to diversify the portfolio, improve resilience, and create opportunities while maintaining a prudent risk profile. In parallel, strong governance standards, regulatory compliance, and

disciplined capital management remain integral to the Company's strategy, reinforcing stakeholder confidence and enabling access to stable and cost-effective funding sources.

Overall, the Company aims to create long-term shareholder value through sustainable growth, disciplined underwriting, optimum capital allocation, robust asset quality, and a strong risk management framework.



Business Verticals

Microfinance

We provide loans to women entrepreneurs through the Joint Liability Group (JLG) model, supporting entrepreneurship, financial resilience, and sustainable economic progress.

MSME Loans

We provide Loan Against Property (LAP) to MSMEs in Tier 3 and Tier 4 markets, offering secured financing solutions that help businesses unlock the value of their properties to support growth, expansion, and working capital requirements

Key metrics that defined us in FY25-26



Active Customers

21.7 lakh



Branches

1,536



Union Territories

3



States

22



Team Size

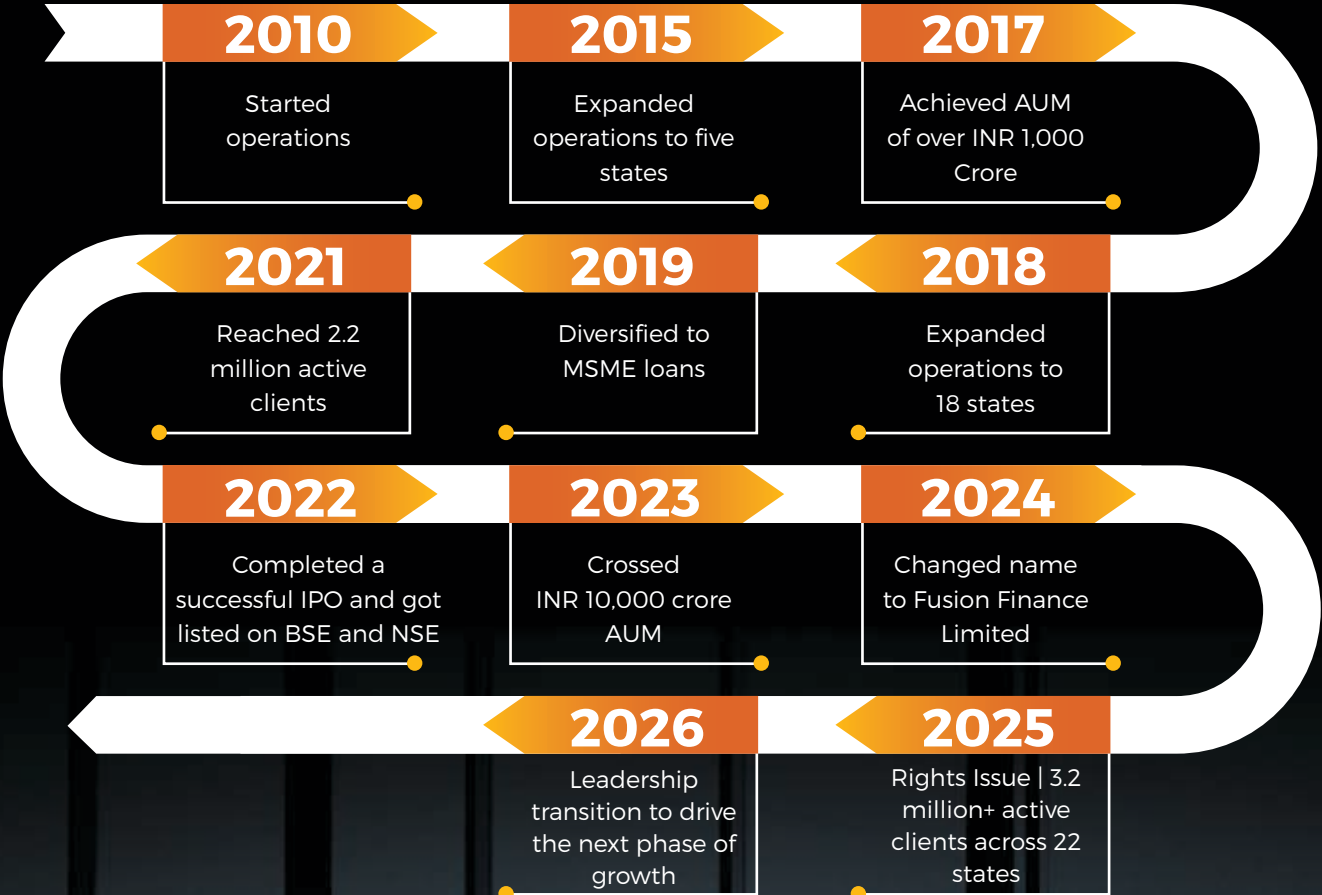
12,021



Net worth

Rs 2,456 cr

Milestones



Key Highlights FY26



^(Full Year FY26; Q4 FY26 NIM stood at 11.44%)

*for Q4 for MFI book
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Positioned for the Next Growth Cycle

Having absorbed the sector-wide stress of the past two years, Fusion enters FY27 with a rebuilt balance sheet, a stronger risk architecture, and a more deliberate, decentralized way of operating - positioning the Company to pursue calibrated growth with greater resilience.

1

Strong, Rebuilt Capital Base
Net worth of ₹2,456 crore (up 49% YoY, following the ₹800 crore Rights Issue), with CRAR at 36.46%.

2

Industry-Wide Deleveraging, With Guardrails for the Future
Borrower indebtedness has reduced materially across the sector and within Fusion's own book; combined with strengthened credit guardrails, the portfolio is better placed to manage future headwinds.

3

Credit Costs Normalizing
Declined for the sixth consecutive quarter, down 78% YoY, alongside a steady improvement in GNPA from 7.92% to 3.21%.

4

Rebuilt Underwriting Architecture
An independent credit underwriting vertical, a dedicated Process & Quality Management (PQM) function, and risk-based branch categorization (A/B/C/D tiers) that is reviewed periodically.

5

Technology-Led Operating Leverage
A stronger digital framework across onboarding and collections is lifting productivity at all levels, supported by AI-enabled risk controls and continued process digitization.

6

Decentralized, Market-Specific Operating Model
Greater empowerment of branches and zonal teams, with credit policy moving from a one-size-fits-all approach to a localized, data-driven framework tailored to market-specific dynamics.

7

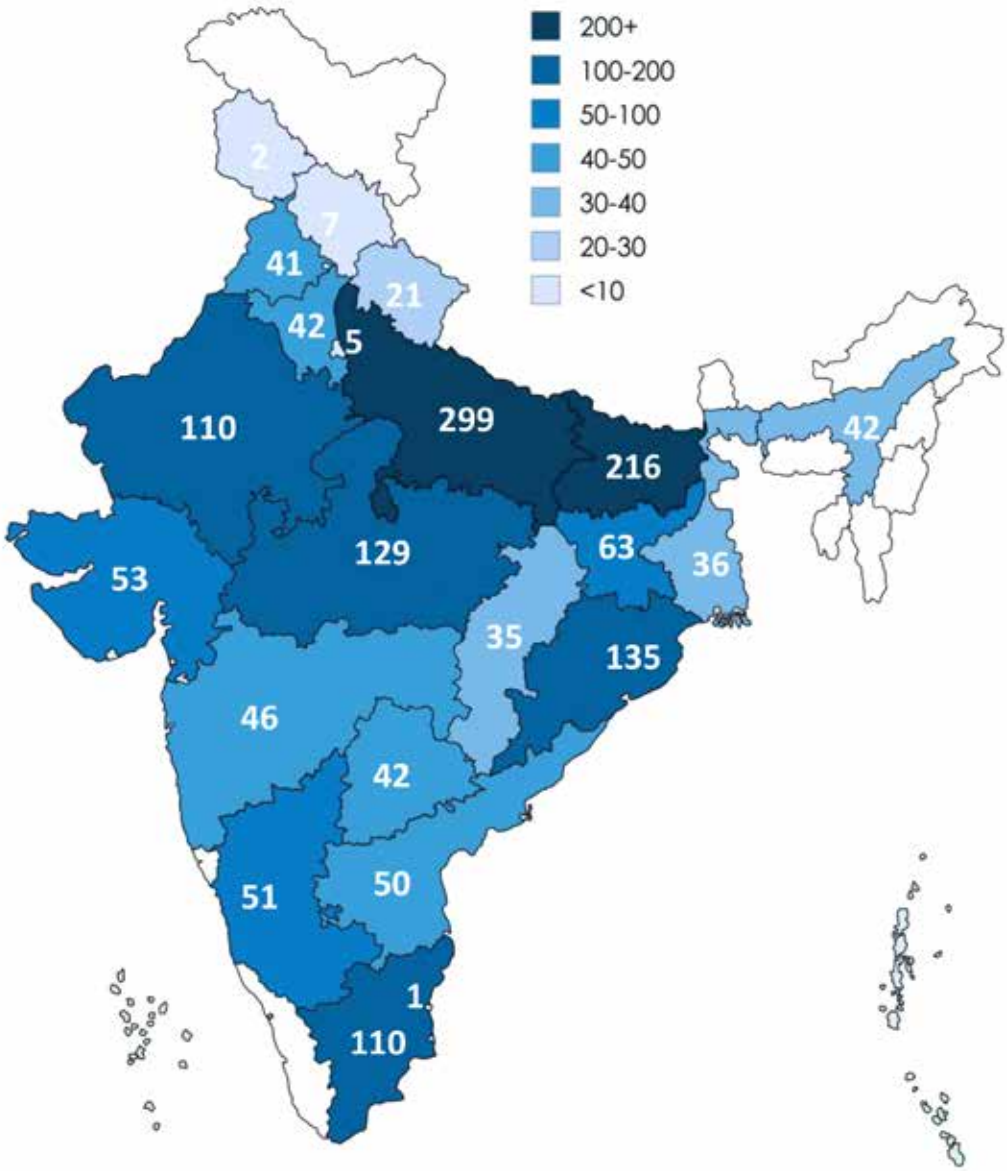
Disciplined Optimization of the Existing Branch Network
Rather than aggressive branch expansion, the focus is on extracting greater productivity from the existing footprint, which is viewed as adequate to support growth over the next 2-3 years.

8

MSME Emerging as a Second Growth Engine
A diversifying earnings profile, with MSME AUM growing 14.78% to ₹772.5 crore in FY26, built on the same underwriting discipline as the core business.

Geographical Presence

State wise Branches



Details	FY24	FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
States	22	22	22	22	22	22
Districts	453	497	494	491	489	489
Branches	1,297	1,571	1,560	1,545	1,537	1,536
AUM (Rs Cr)	11,476	8,980	7,688	7,038	6,876	7,407



Our Teams



Compliance Team



HR Team



Finance Team



Legal and Credit Team



Internal Audit Team



Secretarial Team



Risk Team



Information Technology Team



Our Capabilities



Well Diversified and Extensive Pan-India Presence

As of 31st March, 2026, we had 2.17 million active borrowers served by 1,536 branches and approximately 12,021 employees across 489 districts in 22 states and 3 union territories. Our extensive geographic presence enables scalable, low-cost lending while providing last-mile connectivity to customers in even the most remote areas.

We believe that prioritizing organic diversification since our inception and focusing on developing our experience in different markets, have enabled us to navigate the last two years. We typically invest in branch infrastructure and assets while entering a new state. This enables us to understand the local landscape, thereby positioning us well to further penetrate and diversify our operations in those markets efficiently and, in turn, benefit from the economies of scale.

We have a strong focus on monitoring concentration risk while expanding into new districts and widening our reach into untapped markets in a strategic manner.



Proven Execution Capabilities with Strong Rural Focus

We believe we have achieved significant success with our growth strategy of targeting underserved and underpenetrated rural areas in both our existing markets and new geographies. We have a long history of serving rural markets with high growth potential in the microfinance segment and have maintained a track record of financial performance and operational efficiency through consistently high rates of customer acquisition and retention and low-cost expansion into underpenetrated areas.

Over the last decade, we have built a deep rural franchise in the microfinance segment. The vast majority of our customers, branches, and portfolio are from rural areas, reflecting our consistent focus on underserved communities. We believe our connection with our rural customers has been largely driven by our commitment to continuously deepening our understanding of their financial needs and maintaining consistent engagement with the communities we serve.



Access to Diversified Sources of Capital and Effective Asset Liability Management

Over the years, we have adopted a calibrated approach towards diversifying our fundraising sources and minimising our costs of borrowings with prudent asset liability management and effective liquidity management. Our average effective cost of borrowings has remained competitive and stable over the last few years, standing at 10.30% for the year ended 31st March, 2026. During FY26, the Company successfully completed a Rights Issue raising Rs 800 crore, further strengthening the balance sheet and capital position. We believe that our focus on building a healthy balance sheet with a good mix of assets, liabilities, and equity, and a positive net asset position, has enabled us to overcome various adverse market conditions in the past.



Robust Underwriting Process and Risk Management Policies

We believe that our robust risk management policies and underwriting processes, including extensive customer assessment methodologies and monitoring systems, have resulted in healthy portfolio quality indicators. Our risk management division is divided into separate teams dedicated to managing and mitigating credit, market, and operational risk, and is subject to oversight by our Risk Management Committee and our Board of Directors. Our customer due diligence procedures encompass multiple levels of checks and controls designed to assess the quality of customers and to confirm that they meet our stringent selection criteria and include a comprehensive evaluation of repayment capacity and detailed income analysis of the customer, as well as thorough group training sessions.



Technologically Advanced Operating Model

We have followed a well-defined IT strategy since our inception, with clear targets that we regularly review and revise to remain at the forefront of the dynamic, fast-evolving business technology landscape. We have utilized a loan origination system since the disbursement of our very first loan in 2010 and, through our technology transformation over the years, we have automated and digitized various customer acquisition and customer service functions. During the year, customer onboarding was further strengthened through the introduction of paperless digital signing, enabling secure and fully digital document execution and reducing onboarding timelines significantly.

Microfinance

During FY26, the Company continued to focus on strengthening its operational footprint while maintaining a disciplined approach towards portfolio quality and business growth. During the year, the Company opened 18 new branches and rationalized 38 branches, taking the total MFI branch network to 1,446 branches as of 31st March, 2026. No new state was added during the year, with the Company continuing to consolidate its presence and operational efficiency within existing geographies.

The Company also undertook a calibrated optimization of its frontline workforce in line with the evolving business environment and productivity objectives. The Relationship Officer (RO) count stood at 6,840 as of 31st March, 2026.

A strong focus was placed on leveraging technology to improve operational controls, field efficiency, customer onboarding, and governance standards.

Manning, Mapping and Monitoring

Recognizing that disciplined execution at the field level is fundamental to sustainable growth in the microfinance sector, the Company has strengthened its Manning Mapping and Monitoring framework to ensure optimal workforce deployment across its branch network. The framework is designed to align manpower capacity with business volumes, portfolio complexity, customer engagement requirements, and risk management priorities.

Leveraging data-driven workforce planning, the Company continuously evaluates branch-level staffing adequacy, productivity indicators, supervisory coverage, and recruitment requirements. This enables timely deployment of resources to high-growth and high-priority geographies while maintaining appropriate oversight and operational controls. The framework also facilitates early identification of capacity constraints and supports proactive interventions to address emerging business and portfolio management needs.

The enhanced focus on manpower governance has contributed to stronger field supervision, improved collection discipline, closer customer engagement, and more effective portfolio monitoring. By ensuring that business expansion is supported by adequate operational capacity and management oversight, the Company has reinforced its ability to balance growth with prudent risk management.

As the operating environment continues to evolve, the Company believes that robust manpower planning, continuous monitoring, and disciplined execution will remain critical enablers of portfolio quality, operational resilience, and long-term value creation for all stakeholders.



Team MFI

Several digital interventions and process enhancements were implemented during the year, including:

 Introduced a digital onboarding initiative to enable fast, paperless customer acquisition through mobile-based eKYC, improving efficiency, reach, and customer experience.	 Introduced the pre-approved UJALA product to offer instant, hassle-free credit to our high-quality customers, enhancing loyalty and turnaround time.	 Enabled Digital LIR (Loan Installment Receipt), with instant receipts sent directly to customers' registered mobiles for convenient, paperless access.
 Settlement letters and No Objection Certificates (NOC) made digitally downloadable by Relationship Officers (ROs) for faster customer servicing.	 Demand Promissory Note (DPN) barcode tracking introduced for better documentation monitoring and audit trail management.	 Customer Group Training (CGT) process with photograph capture and questionnaire functionality made live in the system to strengthen onboarding quality and governance.

These initiatives have collectively contributed to improving operational efficiency, strengthening process controls, enhancing customer experience, and enabling greater transparency across the field operations ecosystem.



Strengthening Credit Discipline in MFI Lending

Strengthened governance and decision-making independence in the MFI Credit function during FY26 – separating credit underwriting from business reporting lines, digitizing the customer journey, and introducing an independent on-ground quality check alongside branch-level risk segmentation.

Key Measures Implemented to Strengthen Credit Discipline During FY26 Include:



Digitized Customer Journey & Automated Verification

The customer journey was fully digitized, including digital documentation and automated verification of Voter ID through the respective government databases, reducing manual intervention and turnaround time.



Process & Quality (PQ) Management

A new Process & Quality vertical independently assesses customers on the ground – evaluating lifestyle and income independent of the business vertical, and rejecting applications even where they qualify under existing guardrails. The initiative is currently live across major branches and is being expanded to cover approximately 50% of major branches.



Risk-Based Branch Categorization

Branches were categorized into risk-based tiers (A/B/C/D), with internal guardrails that are stricter than industry standards, including lower maximum customer exposure limits and tighter eligibility criteria for higher-risk demographic profiles in lower-tier branches. These categories are reviewed and re-rated periodically based on performance. Additionally, an AI-enabled solution is being integrated to make credit underwriting more objective and predictive.

Collections Function

The Company witnessed a significant improvement in collection performance during FY26, reflecting the effectiveness of its strengthened recovery mechanisms, disciplined field execution, and focused customer engagement initiatives. Collections Efficiency (CE) improved substantially from 96.03% in October 2024 to 99.79% in March 2026.

The improvement in collections efficiency was driven by multiple factors, including tighter portfolio monitoring, enhanced accountability at branch and field levels, improved customer selection, focused follow-up mechanisms, and the deployment of technology-enabled collection tracking systems. Stable field operations and calibrated disbursement strategies also contributed towards maintaining strong repayment behavior across the portfolio.

The Company also recorded a meaningful improvement in asset quality during FY26. Gross NPA declined to 3.21% and Net NPA stood at 0.51% as of Q4 FY26, compared to elevated levels witnessed in FY25. GNPA reduced steadily from 7.92% in Q4 FY25, reflecting sustained portfolio stabilization and strengthening of the overall loan book.

The improvement in asset quality was primarily driven by smart and efficient credit underwriting standards, enhanced customer selection processes, calibrated fresh disbursements, and strengthened collection and recovery efforts. In addition, the Company maintained strong provisioning coverage and intensified portfolio monitoring mechanisms, resulting in lower delinquency flows and improved portfolio resilience. These measures have collectively helped the Company build a structurally stronger and more sustainable asset portfolio during FY26.





Growth Drivers and Business Outlook

The Company's growth strategy for FY27 will continue to be anchored in disciplined execution, responsible lending practices, and strengthening of its core franchise, while selectively building new growth levers. The focus remains on achieving sustainable and high-quality growth rather than pursuing scale at the cost of asset quality.



Key growth drivers include:

Consistent and calibrated expansion of the core microfinance business through disciplined fresh disbursements, sharper customer selection, and strong on-ground execution. The emphasis will remain on originating high-quality assets while sustaining stable collection performance.

Continued focus on strengthening asset quality and balance sheet resilience through proactive portfolio monitoring, early risk identification, and robust collection and recovery mechanisms to support profitable and sustainable growth.

Technology-led process transformation through the rollout of new systems, digital workflows, adoption of AI and analytics, and automation initiatives aimed at improving operational efficiency, scalability, governance, and transparency, while ensuring ease of adoption for frontline teams.

Greater empowerment of branches and zonal teams by enabling faster decision-making closer to the customer. This is expected to improve responsiveness, strengthen customer engagement, and enhance local accountability across the organization.

People-centric growth through capability building, leadership development, an ownership driven culture, and stronger alignment across teams to support long-term organizational objectives.

Overall, the Company believes that FY27 growth will be driven by consistent execution of small but meaningful operational improvements every day, reinforcing its commitment to responsible lending, customer trust, operational resilience, and sustainable value creation for all stakeholders.



MFI Business Outlook

The microfinance industry continues to present a significant long-term opportunity driven by the large, underserved population at the bottom of the economic pyramid. The sector primarily caters to low-income households, including small marginal farmers, cattle rearers, small traders, agricultural workers, and daily wage earners, who form an essential and permanent part of the country's economic ecosystem. These customers will continue to require access to formal and responsible credit solutions to support livelihood generation and household stability.

Out of India's population of approximately 140 crore, nearly 60–65% falls within the broader low-income segment. Even after applying practical filters around eligibility, repayment capacity, and accessibility, the addressable market remains extremely large at nearly 18–20 crore potential customers. Currently, about 7 crore customers are formally served by the microfinance ecosystem, indicating substantial headroom for sustainable long-term growth.



Over the last several years, the sector has undergone meaningful structural evolution following major events such as demonetisation, the COVID-19 pandemic, and periods of over-leverage in certain markets. These disruptions have collectively strengthened the ecosystem by improving awareness, discipline, and risk management practices among both borrowers and lenders. Customers today are increasingly conscious of their repayment capabilities and are becoming more selective and disciplined in borrowing behaviour. Simultaneously, lenders have become more credit-focused, with sharper emphasis on underwriting quality, portfolio monitoring, repayment behaviour and prudent growth practices. As a result, the sector is gradually transitioning towards a more stable and sustainable operating framework.

The traditional Joint Liability Group (JLG) model is also witnessing a gradual transformation. While group lending historically delivered strong operational efficiencies and repayment discipline, the effectiveness of the model has seen some dilution in recent years. This shift may lead to higher operating costs and greater collection efforts going forward. However, the industry is simultaneously evolving through greater adoption of technology, digital repayments, analytics-led customer engagement, and emerging AI-based solutions which are expected to improve operational efficiency, customer connectivity, and scalability over time.

Within this evolving environment, the Company believes it remains well positioned due to its diversified business model, strong organizational culture, and disciplined operating approach. Many of the challenges faced over the past few years were sector-wide in nature rather than institution-specific. The Company has consistently remained ahead in identifying emerging stress, implementing guardrails, strengthening credit discipline, and accelerating digital adoption. Supported by a strong analytics framework, the Company continues to focus on strengthening its credit engine, compliance standards, governance mechanisms, and control systems.

Over the last 12–18 months, the Company has undertaken extensive efforts to strengthen policies, improve underwriting frameworks, streamline processes, and

reduce friction at the field level. These initiatives have helped improve portfolio quality, operational efficiency, and overall organizational resilience, positioning the Company to pursue calibrated growth with greater confidence and speed.

One of the key learnings emerging from recent industry cycles has been the importance of granular risk segmentation. The Company has moved away from a "one-size-fits-all" approach towards a more localized and data-driven framework spanning country, state, district, and branch-level analysis. This has enabled a better understanding of customer behaviour, regional risk patterns, and market-specific dynamics. Credit policies continue to be refined with sharper focus on exiting higher-risk segments while selectively growing in better-quality markets, resulting in improved portfolio quality and lower credit costs.

The Company's Process and Quality Management (PQM) framework has also emerged as a strong differentiator in strengthening underwriting discipline. The credit evaluation process operates independently of business functions, and PQM teams are empowered with full authority to reject customer applications as required. The success of this approach is reflected in the improvement in portfolio quality and credit cost metrics. Currently, the Company has approximately 300 PQMs across nearly 260 branches and plans to further strengthen this framework by significantly increasing the PQM base going forward.

From a market strategy perspective, the Company continues to maintain a balanced approach between concentration management and growth expansion. In relatively high-concentration markets such as Uttar Pradesh and Bihar, customer acquisition norms have been tightened to maintain prudent exposure levels. Simultaneously, the Company is actively identifying underpenetrated growth markets based on factors such as customer density, delinquency trends, bureau scores, market potential, and competitive intensity. Through this exercise, several districts with low penetration and strong growth potential have been identified, along with opportunities to strengthen presence in states such as West Bengal, Assam and Tamil Nadu.



The Company believes that its existing branch infrastructure is adequately positioned to support business growth over the next 2-3 years.



Operationally, the Company is focusing on multiple strategic initiatives aimed at improving customer experience and frontline productivity. These include redesigning demand cycles, route optimization, reducing operational friction for field staff, and accelerating onboarding timelines. Customer onboarding timelines, which earlier required 3-4 days, have already been reduced to nearly one day, with the objective of completing the process within a few hours through digital enablement. The Company is also experimenting with new collection approaches and leveraging AI-based solutions to improve customer acquisition efficiency, engagement quality, and operational outcomes.

On the macroeconomic front, the Company has not observed any adverse impact on the microfinance segment from recent global uncertainties or geopolitical developments. Overall, the operating environment remains stable, and no significant negative trend has been observed across the Company's core markets.

Similarly, with respect to external developments such as the Bihar MFI bill and other regulatory or policy-related discussions, the Company continues to closely monitor and evaluate the situation and has not observed any adverse impact on collection efficiency, disbursement trends, or portfolio quality.

The Company also believes that its existing branch infrastructure is adequately positioned to support business growth over the next 2-3 years. Earlier, the Company operated nearly 1,350 branches while managing a significantly larger portfolio size. Given the current portfolio scale, the focus is now on branch consolidation and operational optimization rather than aggressive branch expansion.

The sourcing and lending model continues to remain deeply rooted in analytics-driven market identification, robust field verification, and seamless customer onboarding processes. Markets are identified using bureau data and analytics, followed by village-level surveys, verification, and sourcing activities. Customer acquisition is undertaken through the JLG model with support from local community influencers such as village heads, Anganwadi workers, and other trusted local networks. The lending process includes customer training (CCT), group recognition tests (GRT), digital customer onboarding, and digital disbursement mechanisms. Loans are extended to women borrowers, subject to credit guardrails, including household income limits, indebtedness thresholds, and clean repayment track records.



Fusion leadership believes in building a strong foundation that is Grounded to Grow and Built on Trust.

At the same time, the Company recognizes that one of the key challenges facing the sector remains the gradual dilution of traditional JLG discipline, which has reduced some of the historical efficiencies associated with group lending models. As a result, collection efforts and operational engagement requirements have increased. While the long-term

evolution of JLG efficiency remains uncertain, the Company believes that stronger credit controls, localized risk management, technology integration, use of AI and analytics and disciplined execution will continue to play a critical role in building a resilient and sustainable microfinance franchise going forward.

MSME



The MSME business continued to demonstrate stable, quality-led growth during FY26, supported by a focused, secured-lending strategy, improved productivity, disciplined underwriting, and technology-driven operational enhancements. The business remains focused on property-backed secured loans for small business owners and self-employed customers, with an emphasis on building a resilient, scalable portfolio.

During FY26, the MSME portfolio Assets Under Management (AUM) increased to ₹772.5 crore as compared to ₹673.1 crore in FY25, registering a healthy growth of 14.78%. The growth was driven by calibrated expansion in secured lending, improved sourcing quality, and stronger productivity across the branch network.



The business also witnessed notable improvement in operational productivity metrics during the year. Productivity per branch and Business Development Officer (BDO) improved by 8.9% and 79.2%, respectively. The improvement was primarily driven by operational rationalization, focused sourcing strategy, and better utilization of field resources.

The Company continued to focus on secured mortgage-backed lending products during the year. In line with evolving customer requirements and market opportunities, the Company upgraded its secured loan product offering from the earlier ticket size range of ₹1-15 lakh to ₹1-25 lakh, with the introduction of the ₹15-25 lakh product segment in October 2025. This expansion enables the Company to cater to a wider customer base while continuing to maintain a secured and prudent lending approach.

MSME Operations

The MSME business focused on improving operational efficiency and optimizing existing infrastructure during FY26. No new branches were added during the year, with the Company prioritizing productivity enhancement and operational consolidation across the existing branch network.

The field workforce was also rationalized during the year in line with the business strategy and productivity objectives. Several digital initiatives were implemented during the year to strengthen field operations, improve customer servicing, and enhance collection efficiency. Key initiatives included:



Launch of a Collection Mobile Application for real-time collection tracking and operational updates.



Introduction of WhatsApp payment links to facilitate faster, seamless, and customer-friendly collections.



Implementation of paperless disbursement processes with minimal documentation requirements for secured mortgage loans, resulting in faster turnaround time and improved customer experience.

These initiatives have contributed towards improving operational transparency, reducing manual dependency, and enhancing field productivity across the MSME business.



Strengthening Credit Discipline in MSME Lending

Enhanced overall portfolio composition through a calibrated customer selection strategy. Increased average ticket sizes to 25 lakhs to cater to more superior MSME customers.

Key Measures Implemented to Strengthen Credit Discipline During FY26 Include:



Hybrid Income Assessment Model

Evolved to a hybrid income assessment model combining field-level business evaluations with digitally verified banking data. Leveraged the Account Aggregator ecosystem to access verified banking transactions and cash-flow insights. Enhanced visibility into customer repayment capacity through analysis of banking behaviour, credit flows, and transaction patterns. Customized income templates have been developed for different sectors.



Strengthened Credit Underwriting

Introduced deeper credit bureau analysis beyond conventional credit score assessment. Established stricter underwriting controls and minimized approval deviations. Enhanced consistency and discipline in credit decision-making.



Improved Collateral Evaluation

Shifted from a collateral-centric approach to a balanced assessment of customer strength and collateral quality. Introduced structured property marketability assessment parameters. Evaluated collateral based on factors such as accessibility, habitation, utility availability, occupancy, and marketability. Preference is given to properties that are not vacant plots and are situated in well-connected, inhabited locations.



Technology-Enabled Risk Management/AI led Automation

Increased adoption of digital financial data in credit evaluation processes. Improved transparency, consistency, and scalability of underwriting decisions. Strengthened risk assessment capabilities through technology-led interventions. Leveraged AI-powered Video PD solutions for structured customer interactions, enhanced verification, and automated credit recommendations, improving transparency, consistency, and scalability of underwriting decisions.

Responsible Lending & Exclusion Framework

Every lending decision at Fusion Finance is screened against a defined set of exclusion criteria and climate-linked livelihood risk factors, in line with our governance and sustainability commitments.

Financing Exclusions



Legal & Regulatory Breach

Any activity prohibited under applicable law or regulatory guidance.



Forced or Child Labour

Exploitative employment practices of any kind, anywhere in the value chain.



Hazardous Substances

Toxic chemicals or materials banned under environmental statutes.



Wildlife Trade

Trade or activity that violates environmental protection regulations.



Weapons & Ammunition

Manufacturing, trading, or financing of arms and ammunition.



Gambling & Casinos

Betting, casinos, and equivalent wagering enterprises.

CLIMATE & LIVELIHOOD RISK

Borrowers in our rural and semi-urban markets are exposed to:



Erratic rainfall & flooding



Drought & extreme heat

Such disruptions can affect customer income stability and repayment capacity.

HOW WE MITIGATE IT



Diversification across geographies, customer segments & livelihood categories



Natural calamity insurance coverage to cushion financial impact



Screening for these risks together lets us channel credit responsibly, protect borrower livelihoods, and build long-term value for customers, communities, and stakeholders.

Collections Function



The MSME collection franchise continued to remain stable during FY26, supported by strong coordination between business, credit, and collections teams, along with technology-enabled monitoring mechanisms.

Collection efficiency improved across both current and overdue buckets during the year. Current Bucket collection efficiency improved from 99.11% in March 2025 to 99.38% in March 2026.

The improvement was largely driven by enhanced allocation mechanisms wherein collection responsibilities were more effectively distributed across branch credit teams, business teams, and dedicated collection departments. This collaborative and

accountable collection framework contributed towards stronger follow-up mechanisms and improved customer repayment behaviour.

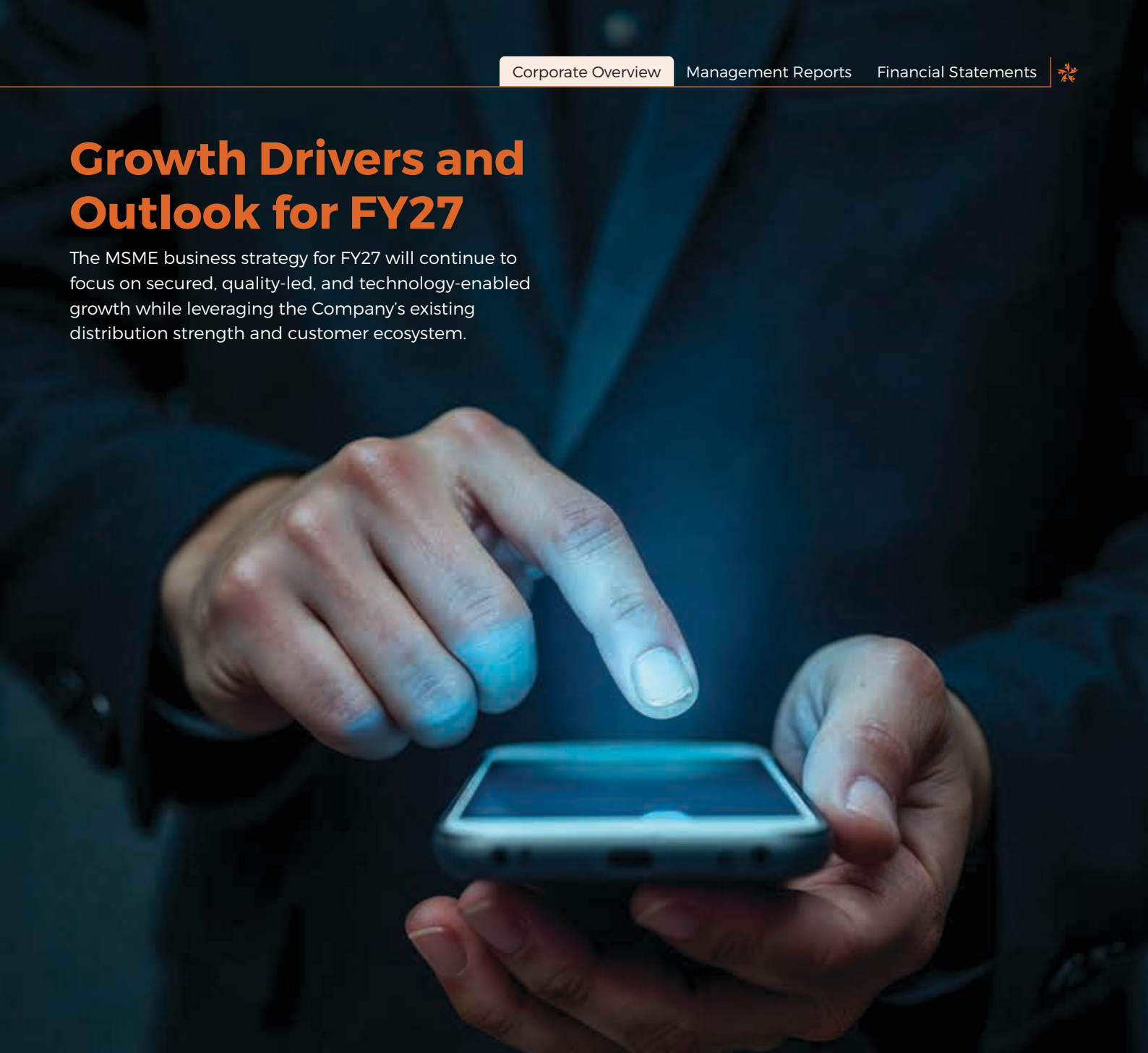
The business also maintained a resilient portfolio throughout the year. While NPA levels increased during the year, the portfolio continued to be closely monitored through strengthened underwriting standards, a focus on secured lending, enhanced collection systems, and tighter portfolio monitoring practices. The Company remains focused on portfolio quality, risk management, and recovery efficiency as key operating priorities for the MSME business.



Team MSME

Growth Drivers and Outlook for FY27

The MSME business strategy for FY27 will continue to focus on secured, quality-led, and technology-enabled growth while leveraging the Company's existing distribution strength and customer ecosystem.



Key growth drivers and strategic initiatives for FY27 include:

- Adoption of AI-enabled voice bots to manage outbound customer calling at scale for both lead qualification and collection activities, improving productivity and customer engagement efficiency.
- Introduction of real-time payment links and automated callback systems triggered through customer interaction responses to improve collection conversion and servicing responsiveness.
- Optimization of customer engagement channels, including calls, WhatsApp communication, and field visits, based on customer response behaviour and interaction patterns to improve operational effectiveness and reduce servicing costs.

The Company believes that its secured lending focus, strengthened underwriting framework, analytics-led credit processes, and technology-driven operational capabilities position the MSME business well for sustainable growth and improved profitability in the coming years.

MSME Outlook



The MSME business outlook for the Company remains positive, supported by improving portfolio quality, disciplined underwriting, and a focused growth strategy. The Company is targeting a doubling of business compared to the previous year, backed by strong momentum witnessed during the second half of the year. A significant improvement in delinquencies during this period has strengthened management confidence and provided greater visibility for sustainable expansion.

As part of its growth roadmap, the Company is focused on scaling its MSME business over the next 12-18 months through disciplined portfolio expansion. The growth strategy is underpinned by continued strengthening of underwriting practices, focused capability building within teams, and deeper penetration in existing operating markets. The Company remains committed to pursuing sustainable growth while maintaining a strong focus on asset quality and risk management.

The MSME business currently operates across 7 states through nearly 90 branches. Geographic expansion will be pursued in a calibrated manner using trained internal resources and strengthened operational capabilities.

On the underwriting front, the Company has adopted a more prudent and repayment capacity-focused approach. There has been a conscious reduction in exposure towards CIBIL-derogated customer profiles, reflecting the Company's emphasis on portfolio quality and sustainable growth.

Operational productivity levels have now aligned with broader market operating ranges, supporting improved cost efficiency and scalability. In parallel, the Company continues to benefit from strong digital enablement, with approximately 95-96% of collections being conducted digitally. The systems and operational processes are robust and well-integrated, enabling new hires from similar industry segments to adapt quickly and contribute effectively.

Another notable strategic shift has been the rebalancing of the MSME portfolio towards an average ticket size of ₹8-10 lakh. Over the last two quarters, the share of loans below ₹5 lakh has reduced significantly, reflecting a calibrated move towards a more mature and higher-value portfolio mix. This transition is expected to support stronger customer quality, improved operational efficiency, and better long-term portfolio stability.

People

Employees remain at the core of our mission to advance responsible financial inclusion across underserved geographies. In a business founded on trust and long-term customer relationships, we continued to strengthen investments in employee well-being, capability enhancement, digital enablement, and the development of a performance-driven culture.

The year marked an important phase in our transformation journey, with HR playing a key role in building a more resilient and future-ready organization. Through a leaner, more focused structure; stronger engagement and continuous feedback mechanisms across the field network; and technology-enabled, employee-centric processes, our efforts remained aligned with Fusion's long-term strategic priorities while fostering an inclusive, collaborative, and people-focused work environment.



As of 31st March, 2026, Fusion had a workforce of **12,021 employees** across its branch network and Corporate and Head office.



Building a Resilient and Efficient Organization



De-layering and building capacities

At Fusion, we have consistently believed in the strength of our talent and its ability to adapt, grow, and thrive amid evolving challenges. The fact that 85% of our State Heads and above have progressed internally through the ranks stands as a strong testament to our commitment to nurturing talent and enabling career growth within the organization.

As part of our journey towards building a leaner and more efficient organization, we undertook a comprehensive review of the capabilities required to support our strategic priorities and focused on strengthening functions to enhance their effectiveness. This exercise also involved evaluating the value contribution of each organizational layer, which led to introducing greater role ownership and accountability to maximize organizational impact.

As an outcome of these efforts, the Process and Quality Management (PQM) function was established at the branch level to further strengthen credit and control processes. The distinction between Internal Audit and Fraud Control was also sharpened to enable stronger focus on proactive and timely risk assessment, effective case resolution, and proactive awareness initiatives aimed at reducing fraud incidents.

Through these interventions, our objective has been to create meaningful growth opportunities for employees by equipping them with the necessary training and support to transition successfully into expanded roles and responsibilities. This approach has enabled us to establish new functions in a shorter timeframe while preserving valuable institutional knowledge and strengthening organizational continuity.

Digital HR Transformation

During the year, Fusion further advanced its HR digital transformation journey by implementing the new Human Resource Management System (HRMS) – Darwinbox. The introduction of the platform has significantly strengthened process efficiency, enhanced employee experience, and improved visibility across critical HR processes, including onboarding, attendance and leave management, employee lifecycle tracking, and performance management.

The implementation has also enabled greater process standardization, reduced turnaround times, strengthened reporting capabilities, and provided more effective support for teams operating across diverse geographies.

Going forward, the Company remains committed to leveraging digital solutions to further enhance people processes, improve employee accessibility, and enable more informed, data-driven HR decision-making.

Employee Welfare and Wellbeing

Fusion believes that employee well-being is a critical pillar of organizational resilience and sustainable long-term performance. During the year, we continued to strengthen initiatives focused on supporting the physical, emotional, and financial well-being of employees across our network.

Our employee welfare initiatives encompassed medical insurance coverage, including parental coverage, accidental insurance benefits for eligible employees, health awareness programs, periodic health check-up initiatives, and employee assistance support. Multiple health camps, including eye examinations, dental hygiene programs, and general health screenings such as blood sugar and blood pressure check-ups, were conducted during the year. These initiatives contributed towards early identification of health concerns and reinforced a culture of preventive healthcare.





Further strengthening our commitment to employee wellbeing, the Company provides maternity and paternity benefits to support employees through important life stages. Additional support mechanisms for returning mothers, including extended leave and work-from-home arrangements, have been introduced to facilitate a smoother transition back to the workplace. This has helped us improve the return-to-work rate for returning mothers to 71%.

Learning and Capability Building



Strengthening workforce capability remained a key strategic focus during the year. Closely aligned with business priorities and organizational transformation initiatives, Fusion continued to invest in structured learning and development programs designed to enhance functional expertise, customer engagement capabilities, compliance awareness, leadership effectiveness, and operational excellence across frontline teams, supervisory roles, and leadership levels.

Our continued emphasis has been on building a strong leadership pipeline, accelerating digital adoption, reinforcing risk and compliance awareness, and enhancing organizational capability to support sustainable growth and strengthen long-term operational resilience.

Fusion introduced progressive, employee-centric policies aimed at enhancing flexibility, compliance, and well-being by implementing a structured flexi-time framework and introducing a Work-from-Home option for corporate and head office employees. Acting on employee feedback, leave administration was streamlined by consolidating Casual Leave and Sick Leave into a unified CSL category, enabling greater accessibility and flexibility.

Key Highlights

Total Training Hours: **1.87 lakh+**
(including Trainer-led & Self-paced)

Unique Employees Trained by Trainers: **9,918**

Sessions Conducted: **4,000+**

Weekly Digital Engagement: **8.5K employees**



A significant milestone during the year was the launch of Gurukul, Fusion’s Learning Management System (LMS), which institutionalized a structured approach to capability development and ensured consistent access to learning opportunities across roles and geographies. The platform enabled scalable, self-paced digital learning and strengthened employee engagement, further reinforcing a culture of continuous learning and development across the organization.

To support smoother onboarding and accelerate role readiness, focused induction programs under “Shubharambh” were conducted for new frontline employees, enabling faster integration into Fusion’s culture and operating framework. Through these efforts, nearly 80% of employees joining field operations on field were covered within the first month. Additionally, structured monthly induction programs enabled the assimilation of approximately 94% of employees joining corporate and regional offices, ensuring seamless integration and stronger cultural alignment.

We also continued to strengthen frontline and leadership capabilities through enhanced and outcome-oriented learning interventions such as NEEV and Manager as Leader. These programs focused on developing effective people management practices, reinforcing operational discipline, and strengthening leadership readiness. During the year, approximately 800 Branch Managers and over 250 Area and Divisional Managers participated in structured supervisory and leadership development initiatives.

As part of the organization’s digital transformation and future-readiness agenda, leadership capability was further strengthened through targeted interventions, including Generative AI for Leaders and enterprise-wide initiatives under Fusion NXT and Ujala. Focused learning interventions on data-driven decision-making, business analytics, and Power BI dashboards enhanced analytical capabilities and enabled sharper, insight-led reviews and decision-making processes.





The Company remains committed to fostering a strong culture of compliance and ethical conduct across the organization. During the year, over 12,000 employees underwent mandatory training programs covering the Fair Practice Code, Code of Conduct, Anti-Money Laundering, and Fraud Prevention. In alignment with our core value of Respect, POSH awareness programs were also conducted for more than 12,000 employees, strengthening workplace awareness and promoting a safe, respectful, and inclusive environment.

In a challenging macroeconomic environment, a close partnership with business functions required agility and adaptability to support enterprise-wide product and platform implementations, including

ATS, QSign, and Ujala. As part of this effort, UNNATI was introduced for Collection Call Centre and Tele-calling teams, focusing on ethical collection practices, customer interaction skills, objection handling, and adherence to the Code of Conduct. The program trained over 400 telecallers across India, including agency staff, and contributed to improved quality of customer interactions, better management of escalations, and stronger conversion of customer commitments into collections. Overall, learning interventions continued to focus on building role-based readiness, strengthening process adherence, and driving behavioural change, enabling faster adoption and minimizing operational and transition risks.



Employee Engagement and Workplace Culture



With a geographically dispersed workforce, fostering a unified “One Fusion” culture across branches, corporate offices, and business functions remains a key priority. Creating strong employee connections and actively listening to employee feedback enables the organisation to align initiatives with its mission, values, and long-term objectives. Throughout the year, leadership interactions, regional meetings, employee connect forums, cultural celebrations, and team engagement initiatives were conducted across locations to strengthen communication, collaboration, and workplace relationships.

A key engagement initiative during the year was Manthan, a strategic workshop that brought together the top 90 contributors from across functions to collaboratively shape the roadmap for “Fusion 2.0.” Participants analyzed critical business data and engaged in focused discussions considering the broader macroeconomic environment, competitive dynamics, and evolving regulatory and compliance requirements. The exercise helped identify strategic priorities and establish a clear implementation approach, while fostering a shared sense of purpose and commitment across leadership teams.



Fusion further strengthened employee engagement through a structured and multi-layered feedback framework focused on frontline employees and new joiners. As part of this initiative, Pulse Surveys were conducted at critical tenure milestones of 30, 60, 90, and 180 days, enabling timely and data-driven assessment of employee sentiment. During the year, feedback was captured from 5,047 new joiners across 1,401 branches. This continuous feedback mechanism supported proactive decision-making, enabled targeted interventions, and strengthened employee well-being by identifying and addressing concerns early in the employee lifecycle. Additional initiatives such as Baithaks (304 sessions) and Sangathan further encouraged engagement, collaboration, and peer learning.

Employee communication and engagement were reinforced through multiple channels, including

the quarterly employee newsletter Samvaad, which served as a platform to share organizational updates, achievements, and success stories. Monthly HR policy quizzes covering key topics such as POSH, attendance, leave management, and the Code of Conduct enhanced awareness and participation, with an average monthly engagement of approximately 7,000 employees.

Quarterly town halls, including multiple virtual sessions conducted across geographies, continued to strengthen organizational connectivity by providing employees with updates on business achievements, priorities, and challenges. These forums also played an important role in reinforcing the “One Fusion” culture while fostering transparency, encouraging two-way communication, and ensuring leadership accessibility for employee feedback and dialogue.



Performance, Rewards and Recognition



Fusion continued to strengthen its performance management framework to promote accountability, meritocracy, collaboration, and a culture of continuous improvement. Employee performance was evaluated through structured review mechanisms aligned with business objectives, organizational values, and customer-centric outcomes. The Company’s performance review cycle, RISE – Reflect, Improve, Succeed, Evolve – embodied

its approach to performance management by fostering transparency and encouraging constructive feedback in line with organizational values and culture.

Fusion also maintained a multi-tiered Rewards & Recognition framework designed to reinforce high performance and recognize behaviours aligned with organisational values.



The reward and recognition included: Conducted monthly to recognize consistent performers across 40 regions and 449 branches, with a total of 3,403 winners honoured up to February FY25-26.

Cluster Super Champion: Designed as a comprehensive recognition experience for frontline contribution, the Cluster Super Champion Award was held in June 2025, recognized 32 winners for exceptional business performance. The winners were invited to the Corporate Office and felicitated by the MD & CEO and the Executive Committee. The engagement was further strengthened through

curated interactions, including lunch with senior leadership, fostering a strong sense of belonging and direct connection with the organization's leadership team.

In addition, recognition was extended to the winner's family, acknowledging their critical support in enabling employee success. Thoughtfully curated gifts were personally handed to the winners' family members by the winners' respective Regional and Divisional Managers, creating a moment of pride at the grassroots level and strengthening the emotional connection with the organisation.



Long Service Awards (LSA): A total of 1,544 employees were celebrated pan-India for completing 3, 5, and 7 years of service across all four quarters, acknowledging their continued commitment to the organization.

Wall of Fame Initiative: As a key addition to our R&R framework, the Wall of Fame brought together multiple recognition platforms, including Star Awards, Super Star Awards, and SPOT Awards.

The Super Star Award enabled HODs to nominate exceptional performers every quarter who have delivered high-impact contributions with 29 winners recognized up to Q3.

Star Awards: Conducted on a quarterly basis, with 172 employees being recognized up to Q3.

The SPOT Award introduced real-time recognition via digital badges on the HR platform, empowering leaders to instantly recognise employees' efforts.



Diversity, Equity and Inclusion



While gender diversity in the microfinance sector continues to be influenced by structural challenges, particularly in field-intensive roles, the Company remains committed to building a more inclusive workplace through focused initiatives in hiring, development, safety, and employee retention. During the year, women represented 8% of the workforce across regional operations and 12% of the workforce at the head office and in corporate functions.

The Internal Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, continued to function effectively in ensuring a safe and respectful work environment. No cases were reported during the year.



8%

of women represented the workforce across regional operations

12%

of women represented the workforce at the Head Office and Corporate functions

The Company remains committed to progressively strengthening diversity representation and fostering an inclusive, equitable, and respectful workplace culture.



Strengthening the Foundation for Sustainable Growth

Fusion recognizes that its employees are fundamental to creating long-term value for customers, communities, and stakeholders. Going forward, the Company will continue to focus on strengthening workforce capabilities, enhancing employee wellbeing, accelerating digital adoption, and fostering a high-performance culture aligned with its strategic growth objectives. The journey ahead will also be supported by AI-enabled employee interventions aimed at strengthening communication, improving engagement, and expanding the reach of employee-centric initiatives across the organization.

Through sustained investment in its people, Fusion seeks to build a resilient, future-ready, and purpose-driven organization that is well-positioned to deliver sustainable, responsible, and long-term growth.





Technology

The Company continued to strengthen its technology and digital infrastructure during FY25-26, with a strong focus on cybersecurity, operational resilience, digital transformation, and business scalability. Technology remains a key strategic enabler for Fusion's "Touch & Tech" operating model, helping the organization deliver superior customer experiences while enhancing governance, operational efficiency, and risk management across geographies.

Data Management & Security

During the year, Fusion further enhanced its data management and security framework through multiple layers of access governance and cybersecurity controls. Role-Based Access Control (RBAC) mechanisms ensure that system and data access are granted strictly based on employee roles and responsibilities, thereby minimizing the risk of unauthorized access. Department-wise dedicated storage systems were implemented for structured data management and controlled information sharing.

To strengthen business continuity and data resilience, the Company deployed automated cloud backup

solutions, enabling secure data recovery during disaster scenarios. Data Loss Prevention (DLP) tools were actively used to prevent unauthorized access, transfer, or leakage of sensitive information across endpoints. All employee systems are centrally managed through Active Directory, enabling enforcement of stringent security policies including USB restrictions, endpoint protection, and centralized device management. Collectively, these initiatives have significantly strengthened Fusion's cybersecurity posture and regulatory compliance framework.

Network Availability & Connectivity

Fusion undertook several initiatives to improve network availability, performance, and resilience across its operations. Potential single points of failure across critical infrastructure were identified and eliminated through High Availability (HA) deployment across firewalls, switches, controllers, and wireless access points. Redundant internet connectivity from multiple service providers was established across key locations including the Head Office, Corporate Office, and Regional Processing Centers to ensure uninterrupted business operations and seamless failover capabilities.

Legacy network devices were upgraded with modern technology platforms to improve reliability, security, and performance. VLAN optimization and Quality

of Service (QoS) protocols were implemented to strengthen traffic management and prioritize mission-critical applications. Real-time monitoring and proactive network management further enhanced operational efficiency and user experience across offices and branches.

A major milestone during the year was the deployment of a cloud-delivered Secure Access Service Edge (SASE) solution, which transformed branch connectivity through a cloud-delivered secure access framework. The platform unified networking and security capabilities, delivering secure, high-performance connectivity for both branch and remote users while simplifying overall infrastructure management.

Disaster Recovery & Business Continuity

Fusion maintains a comprehensive Business Continuity Plan (BCP) and Disaster Recovery (DR) framework to ensure uninterrupted operations during any disruption arising from natural disasters, cyber incidents, power outages, or system failures. The framework covers all critical business functions, applications, and operational teams with clearly defined Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO).

Dedicated Emergency Response Teams (ERT) and Disaster Recovery Teams (DRT) have been constituted

to manage recovery and restoration activities in a structured and timely manner. Critical applications including Shakti, FinDost, IT Infrastructure, and the Grievance Call Centre are regularly included within DR drills conducted at least twice annually to validate preparedness and recovery readiness. Fusion also follows a robust backup strategy leveraging cloud-based backups, alternate recovery locations, and vendor-supported failover mechanisms to minimize downtime and operational disruption.

Digitization of Office & Field Processes

The Company continued to invest in mobility and digitization initiatives to improve both branch and field operations. Real-time field data capture solutions enabled faster customer onboarding, improved monitoring, and enhanced operational visibility. Backend process automation initiatives were expanded to improve turnaround times (TATs) for loan processing and servicing activities.

Fusion's proprietary digital lending platform, Shakti, remains a cornerstone of its digital ecosystem. The platform comprises webShakti, a browser-based application used across branches and offices, and mShakti, a mobile application empowering field officers. Built on scalable cloud infrastructure with

open API architecture, Shakti enables seamless integrations with credit bureaus, banking partners, and third-party service providers. The platform supports digital onboarding, paperless loan processing, instant credit assessment, cashless disbursements, digital collections, and end-to-end customer lifecycle management.

The Company also continued to expand process digitization through initiatives such as vernacular documentation digitization, geo-tagging of branches, AI-enabled facial recognition for attendance and verification, and Audit 360, a real-time portfolio monitoring platform that enhances governance and data consistency across enterprise systems.



Technology Solutions for Organizational Efficiency

Fusion introduced several technology-led initiatives aimed at improving organisational efficiency and governance. A digital Early Warning System (EWS) was implemented to consolidate operational, portfolio quality, audit, customer service, and people-risk indicators into a single colour-coded dashboard. This platform enables management to proactively identify emerging risks and take timely corrective actions.

The rollout of a cloud-based IT asset management platform significantly improved IT and non-IT asset lifecycle management, visibility, and audit readiness across the organisation. Endpoint security was strengthened through the implementation of Data Loss Prevention (DLP) and Advanced Threat Protection (ATP) solutions, while an automated patch management solution enabled automated patch deployment and improved cyber hygiene across systems.

Technology Enablement for Senior Management

The digital Early Warning System (EWS) also serves as a critical strategic tool for senior leadership. By integrating operational, credit quality, and people-risk indicators into intuitive Red-Amber-Green dashboards, the platform provides management with real-time visibility into emerging issues across branches and operating regions. Automated refresh

mechanisms and drill-down capabilities help leadership teams identify root causes, monitor interventions, and track corrective actions effectively. This initiative further strengthens Fusion’s three-lines-of-defense framework and supports data-driven decision-making across the organization.

New-Age Technology Solutions at Fusion

Fusion continues to adopt advanced and cloud-native technology solutions to strengthen its operational and cybersecurity capabilities. Key solutions currently deployed include:

Endpoint Detection & Response (EDR)
Advanced endpoint detection and real-time threat response

Automated Patch Management
Automated patch deployment and compliance

DLP & ATP Solution
Endpoint security, data loss prevention, and threat analytics

IT Asset Management Platform
Cloud-based IT and operational asset lifecycle management

Technology Initiatives Planned for FY26-27

The Company has identified several strategic technology initiatives for deployment in FY26-27. These include implementation of Aadhaar-based eKYC solutions to simplify customer onboarding and enhance regulatory compliance. Fusion is also evaluating a Single Sign-On (SSO) framework to streamline identity and access management across enterprise applications.

To strengthen secure remote access, the Company plans to implement a Zero Trust Network Access (ZTNA) solution, enabling secure application-level access based on user identity, device health, and security posture. Fusion is also exploring Security Operations Center (SOC) as a Service models to

strengthen 24x7 threat monitoring and incident response capabilities.

In preparation for India’s Digital Personal Data Protection (DPDP) Act requirements, the Company is undertaking a comprehensive data governance program covering consent management, data retention policies, breach response protocols, and privacy compliance frameworks.

Additional initiatives include procurement of cyber insurance coverage of ₹20 crore to mitigate cyber risk exposure and advanced Red Teaming exercises to simulate sophisticated cyberattacks and validate the effectiveness of existing security controls.

Strengths of Fusion’s Technology Framework

Fusion’s technology architecture is built on cloud-native and secure-by-design principles, enabling scalability, agility, and enhanced customer experiences across geographies. The integration of advanced solutions such as SASE, EDR, DLP, automated patch management, Red Teaming, and cyber insurance demonstrates a forward-looking and resilient cybersecurity posture.

The Company’s balanced focus on digitization, mobility, governance, and regulatory alignment provides a strong competitive advantage in the microfinance sector. Its ability to combine technology-driven operational efficiency with deep customer engagement further differentiates Fusion from peers.

Key Technology Milestones & Achievements

During the year, Fusion achieved several notable milestones under its technology transformation journey, including:

Centralised IT Asset Management implementation
— Cloud-based asset lifecycle management deployed across the organisation.

Enterprise-wide endpoint protection deployment — Advanced Endpoint Detection and Response (EDR) solution rolled out enterprise-wide.

Procurement of ₹20 crore cyber insurance coverage
— Cyber insurance secured to mitigate cyber risk exposure.

Successful completion of Red Teaming exercises
— Conducted by an independent external cybersecurity firm.

Validation of Disaster Recovery drills — With defined RTO/RPO benchmarks.

Expansion of field digitisation and mobility-led onboarding processes

Onboarding of an external SOC partner — Adoption of an advanced SIEM and SOAR platform for threat intelligence and security analytics capabilities.

Future Outlook

As part of its long-term digital roadmap, Fusion has initiated a strategic Core Banking transformation in partnership with a leading core banking technology provider to build a unified, scalable, and API-driven financial services platform. The transformation is expected to significantly improve real-time processing, regulatory reporting, fintech integrations, and advanced analytics capabilities.

Going forward, the Company remains committed to strengthening its technology infrastructure through large-scale Robotic Process Automation (RPA), enterprise-wide digital transformation initiatives, advanced analytics, cybersecurity enhancement, and next-generation digital solutions. Through continued investments in technology and innovation, Fusion aims to further improve operational efficiency, service quality, governance standards, and customer experience while reinforcing its mission of inclusive and responsible financial services.



AI-Led Transformation Initiatives – Fusion Finance

Fusion Finance is undertaking a structured and accelerated transformation journey to embed Artificial Intelligence (AI) and Agentic AI capabilities across its core operational workflows. Over the past few months, the Company has conducted Proof of Concepts (POCs) with five leading AI solution providers with the objective of identifying scalable use cases capable of fundamentally redesigning operating processes through AI-led automation and intelligence.

The Company's vision extends beyond incremental efficiency improvements and is focused on building a next-generation AI-enabled operating model that enhances scalability, strengthens customer engagement, improves risk management, and drives long-term operational efficiency.

Strategic Direction: Transition Towards an Agentic AI Operating Model

Fusion Finance is progressively moving towards an Agentic AI framework, wherein AI systems function as autonomous agents capable of independently initiating and managing customer interactions, making context-aware decisions, executing workflows end-to-end, and continuously learning through data-driven feedback mechanisms.

This strategic shift is expected to create a highly scalable and standardized operating environment while significantly improving operational productivity, service consistency, compliance monitoring, and cost efficiency across business functions.

AI Use Cases Under POC & Scale Deployment

As part of this transformation, Fusion Finance has identified multiple high-impact operational areas where AI can drive significant business value.

Customer Lifecycle Calling Automation

The Company is evaluating AI-driven voice and conversational platforms to automate various stages of customer engagement across the lending lifecycle.

Welcome Calls (Post-Disbursement):

AI-led onboarding calls are being designed to automate customer education, verification, and post-disbursement communication processes. These solutions are expected to improve onboarding consistency while reducing manual intervention and operational costs.

Fresh Overdue Calling (Early Bucket Collections):

AI-powered reminder systems are being tested for early-stage delinquency management. These systems leverage behavioral segmentation and intelligent conversation flows to improve customer engagement and repayment responsiveness.

High-Stage Delinquency Calling:

Fusion is evaluating adaptive AI-led collections workflows for high-risk delinquent accounts. These AI systems are capable of dynamically adjusting conversation strategies based on borrower responses and repayment behavior patterns.

Settlement Calling:

AI-assisted settlement and negotiation solutions are also under evaluation to optimize customer settlements, improve recovery efficiency, and standardize collection practices.

AI-Led Quality & Compliance Monitoring

Fusion Finance is implementing AI-based quality monitoring solutions aimed at transforming call audit and compliance processes. Unlike traditional sampling-based quality assurance methods, AI systems enable 100% call monitoring and automated evaluation of customer interactions.

The platform is capable of assessing script adherence, compliance standards, customer handling quality, and operational consistency in real time. This initiative is expected to significantly strengthen governance, improve audit readiness, and enhance customer service standards.



AI-Based Risk & Fraud Management

The Company is also evaluating AI-enabled fraud investigation workflows where AI agents conduct structured investigation calls and assess borrower responses for behavioral inconsistencies, anomalies, and fraud indicators.

These systems are expected to enhance fraud detection capabilities, reduce investigation turnaround times, and strengthen the Company’s overall risk management framework.

MSME Credit Assessment Transformation

A key strategic initiative under evaluation is the deployment of AI-enabled Video Personal Discussion (Video PD) solutions for MSME underwriting processes. The proposed solution aims to augment or partially replace physical borrower discussions through remote AI-assisted interviews.

The platform enables automated capture and analysis of business indicators, income-related insights, customer behavior patterns, response consistency, and geo-tagged video evidence. Standardized digital inputs generated through these interactions can significantly improve underwriting consistency, reduce turnaround times, and optimize operational costs compared to traditional physical verification processes.

Technology Evaluation & POC Learnings

Fusion Finance has evaluated five AI solution providers across multiple dimensions including:

Voice AI realism and multilingual capabilities

Agentic workflow orchestration

Integration compatibility with Loan Origination Systems (LOS) and Loan Management Systems (LMS)

Analytics, reporting, and continuous feedback capabilities

Initial POC outcomes indicate strong potential for AI systems to augment and automate large-scale manual calling operations while improving process consistency, customer reach, compliance adherence, and centralized operational control.

Expected Business Impact

The Company expects AI-led transformation initiatives to deliver significant operational and strategic benefits over the medium term, including:

Meaningful reduction in operating costs through automation	Near-complete process coverage across customer interaction workflows	Improved collections efficiency and customer engagement outcomes
Enhanced fraud detection and mitigation capabilities	Greater scalability without proportional increases in manpower requirements	Improved governance, auditability, and process standardization

Way Forward

Following successful proof-of-concept evaluations, Fusion Finance plans to transition towards phased deployment of AI solutions across selected operational areas. The implementation strategy will primarily focus on:

High-volume customer interaction processes	High-cost manual operations	High-risk and compliance-sensitive activities	Assess credit and risk district level based on climatic changes and weather impact
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The Company also plans to establish a centralized AI Command & Control framework to oversee monitoring, continuous model training, performance optimization, governance, and AI-driven decision intelligence across business operations.



End-State Vision

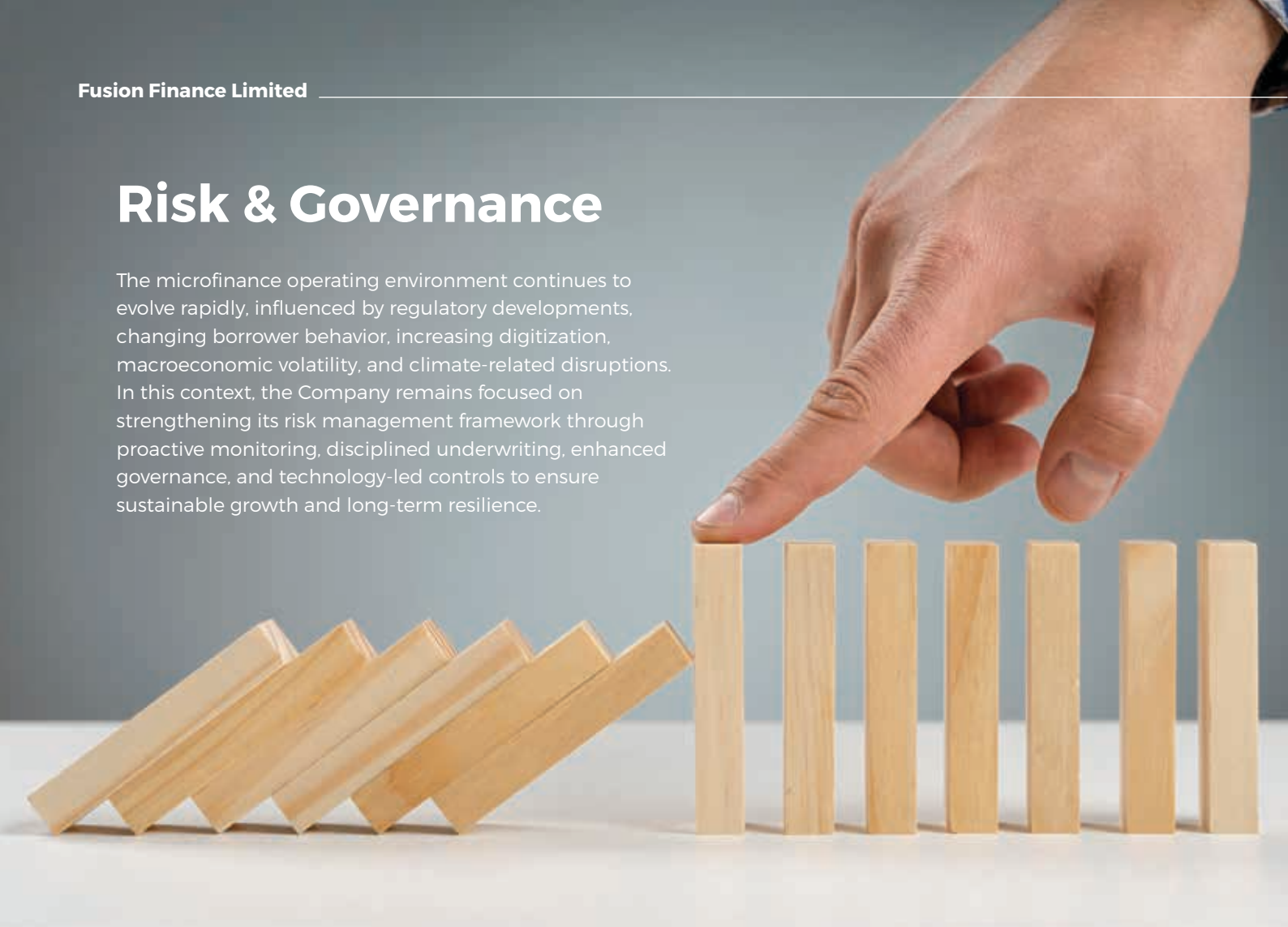
Fusion Finance envisions evolving into a fully AI-enabled NBFC where AI agents drive operational execution at scale while human teams increasingly focus on strategic decision-making, exception handling, customer relationships, and business oversight.

By embedding AI deeply into operational and risk management frameworks, the Company aims to create a scalable, agile, and future-ready organization capable of delivering superior customer experience, enhanced efficiency, stronger governance, and sustainable long-term growth.



Risk & Governance

The microfinance operating environment continues to evolve rapidly, influenced by regulatory developments, changing borrower behavior, increasing digitization, macroeconomic volatility, and climate-related disruptions. In this context, the Company remains focused on strengthening its risk management framework through proactive monitoring, disciplined underwriting, enhanced governance, and technology-led controls to ensure sustainable growth and long-term resilience.



Emerging Risks in a Changing Business Environment & Mitigation Measures

Borrower Overleveraging & Multiple Lending

With increased participation of financial institutions in the microfinance sector, the risk of customer over-indebtedness and multiple borrowings has become more pronounced. Rising borrower leverage can adversely impact repayment behavior and portfolio quality, particularly in economically sensitive customer segments.

To mitigate this risk, the Company has further strengthened bureau-led underwriting processes with tighter filters around indebtedness levels, repayment capacity, and customer leverage. Internal credit policies have also been tightened with defined caps on exposure at borrower levels. In addition, field-level due diligence mechanisms and periodic portfolio audits have been enhanced to improve underwriting discipline and early identification of stress indicators.

Asset Quality Stress in Select Geographies

Localized portfolio stress arising from economic disruptions, political developments, social events, or natural calamities continues to remain a key industry challenge. Such factors can result in uneven repayment trends and temporary disruptions in collections across specific geographies.

The Company has adopted a granular portfolio monitoring framework at state and branch levels to identify emerging stress pockets at an early stage. Lending intensity in stressed geographies is dynamically calibrated based on local conditions and risk indicators. The Company has also strengthened its early warning systems and collections strategies to ensure timely intervention and effective portfolio management.

Regulatory & Conduct Risk

The regulatory environment for microfinance institutions continues to evolve, particularly in areas relating to customer protection, pricing transparency, fair recovery practices, and governance standards. Non-compliance or conduct-related gaps can lead to reputational, operational, and regulatory risks.

To address these risks, the Company continuously reviews and updates its policies and operating practices in alignment with evolving regulatory guidelines. Regular training programs are conducted for field staff and operational teams on fair practices code, customer conduct standards, and compliance requirements. Internal audit mechanisms and compliance monitoring frameworks have also been strengthened to ensure robust governance and regulatory adherence.

Digital & Fraud Risk

As digital onboarding, digital collections, and technology-led processes become more prevalent, the Company faces increased exposure to cyber threats, identity theft, digital fraud, and data security risks.

To mitigate these risks, the Company has implemented robust KYC verification tools, fraud detection systems, and strengthened cybersecurity controls across its technology infrastructure. Continuous monitoring mechanisms and enhanced IT security architecture have been deployed to detect and respond to potential threats proactively. The Company also undertakes customer awareness initiatives focused on digital safety and fraud prevention practices.

Climate & Livelihood Risk

Given the Company's significant presence in rural and semi-urban markets, borrower livelihoods remain vulnerable to climate-related disruptions such as erratic rainfall, floods, droughts, and extreme weather events. Such events can impact customer income stability and repayment capacity.

The Company mitigates this risk through diversification across geographies, customer segments, and livelihood categories. It also maintains natural calamity insurance coverage to reduce potential financial impact arising from climate-related disruptions.



Key Risks for FY27 & Planned Mitigation Measures

Looking ahead, the Company has identified several priority risk areas for FY26 and has outlined focused mitigation strategies to strengthen resilience and portfolio stability.

Credit Risk & Asset Quality Pressure

The microfinance sector has experienced stress in the borrower segment over the past few years, although recent tightening of industry-level credit guardrails by MFIN has led to visible improvement in portfolio quality trends. Despite the improving environment, maintaining strong credit discipline remains a key priority for the Company.

The Company plans to continue tightening underwriting standards and borrower selection criteria, with a greater emphasis on repayment capacity assessment and portfolio quality. Collections infrastructure and analytics-led recovery strategies are also being strengthened to improve collection efficiency and early stress resolution. The Company's focus will remain on sustainable portfolio quality rather than aggressive growth in higher-risk borrower segments.

Concentration Risk (Geographical & Segmental)

Concentration of portfolio exposure in specific geographies or customer segments can amplify the impact of localized disruptions and adverse economic conditions.

To mitigate concentration risk, the Company continues to actively diversify its portfolio across states, customer categories, and product segments. Internal exposure limits and concentration thresholds are regularly monitored, while periodic stress testing exercises are conducted to assess portfolio resilience under adverse scenarios.

Liquidity & Funding Risk

Tightening liquidity conditions, rising interest rates, or an increase in the cost of borrowings may impact profitability, growth, and funding availability.

The Company remains focused on maintaining adequate liquidity buffers and diversifying its borrowing profile across banks, financial institutions, and capital market instruments. Asset Liability Management (ALM) practices are being further strengthened through scenario-based liquidity planning and stress testing frameworks. The Company also continues to deepen relationships with multiple lending partners to ensure stable and diversified access to funding.

Operational & Conduct Risk

Given the high-touch and geographically distributed nature of the business, operational risks relating to field processes, customer interactions, and process adherence continue to remain critical.

To address these risks, the Company is strengthening branch-level process controls, supervision mechanisms, and operational monitoring frameworks. Continued investments are being made in employee capability building, ethical conduct programs, and compliance awareness initiatives. Technology adoption and process automation are also being leveraged to reduce manual intervention, improve standardization, and minimize operational errors.

Geopolitical Risk – Impact of the Ongoing Iran Conflict

The ongoing Iran conflict has emerged as a significant global macroeconomic risk with potential implications for the Indian economy and the broader financial sector. Disruptions in global energy supply chains and commodity markets have resulted in elevated crude oil prices, inflationary pressures, financial market volatility, and tightening liquidity conditions.

For India, which remains heavily dependent on imported energy, sustained increases in fuel and commodity prices may adversely impact household disposable income, increase working capital pressures for small businesses, and weaken borrower repayment capacity over time. The impact is expected to be gradual and non-linear, particularly affecting rural households and informal sector borrowers who are more vulnerable to inflationary shocks.

For Fusion, the key risks include increased borrower vulnerability due to rising food and fuel prices, pressure on repayment behavior in rural and informal income segments, and localized stress in sectors dependent on transportation, agriculture inputs, and small trade activities. Additionally, tighter liquidity conditions may lead to increased cost of funds and funding market volatility.

To mitigate these risks, the Company is strengthening borrower affordability assessments by incorporating inflation-adjusted cash flow analysis within underwriting models. Enhanced monitoring frameworks are being implemented for borrower segments most exposed to commodity and cost pressures. The Company also plans to maintain higher liquidity buffers, diversify funding sources, and dynamically calibrate growth strategies in vulnerable segments and geographies.

Conclusion

The Company remains committed to maintaining a proactive, disciplined, and forward-looking risk management approach in an evolving operating environment. While the sector continues to face multiple external and internal challenges, the Company's focus remains on balancing growth aspirations with prudent underwriting, robust governance, operational resilience, and customer-centric practices.

For FY26, the Company's strategic priorities will include strengthening portfolio quality, enhancing analytics-led risk management capabilities, improving operational controls, and building resilience against emerging macroeconomic, regulatory, digital, and geopolitical risks. Through these measures, the Company aims to ensure sustainable growth while maintaining alignment with regulatory expectations and long-term stakeholder interests.

ESG Strategy

Fusion Finance Limited has initiated a focused journey towards integrating Environmental, Social, and Governance (ESG) principles into its business philosophy and operational framework. The Company is committed to advancing financial inclusion while simultaneously promoting environmental stewardship, social empowerment, and strong governance standards across its ecosystem.

Recognizing sustainability as a strategic priority, Fusion Finance has institutionalized ESG oversight at the Board level, ensuring that sustainability considerations are embedded into business strategy, long-term planning, and enterprise risk management processes. To drive this agenda in a structured manner, the Company has constituted a dedicated CSR & ESG Committee to provide strategic direction and governance oversight.

During FY25-26, the Company formally introduced its ESG Policy along with a comprehensive sustainability roadmap and implementation strategy supported by phased annual action plans. These initiatives represent an important milestone in Fusion Finance’s sustainability journey and reflect its commitment to building a resilient, responsible, and future-ready institution focused on creating long-term value for all stakeholders.

Environment

The Company has initiated systematic processes to monitor and evaluate internal operations, laying the foundation for future action. This approach reflects Fusion Finance’s commitment to embedding sustainability into its business practices and building a more resilient future.

The Company aims to contribute meaningfully to sustainable development while creating long-term value for customers, communities, and stakeholders.

E-Waste Management

As part of our commitment to sustainable waste practices, we have implemented a comprehensive e-waste management framework to ensure the safe and responsible disposal of electronic waste across all operations. The disposal process is carried out annually through an authorized recycler, KARO Sambhav, in accordance with regulatory requirements. In FY25-26, we successfully recycled 4.33 MT of e-waste, with all necessary documentation maintained to support audit and compliance standards.

Social

The Company places strong focus on employee well-being, workplace health and safety, and fostering diversity and inclusion across the organization. Customer feedback and satisfaction are actively incorporated into business processes to ensure products and services remain responsive to stakeholder needs. By embedding these principles into its operations, Fusion Finance strengthens community resilience, promotes inclusive growth, and creates sustainable value for employees, customers, and society.

Diversity, Equity & Inclusion

We are committed to building an inclusive workplace that promotes fairness, respect, and equal opportunities, ensuring every employee feels valued and supported

Data Security & Privacy

We prioritize data security and privacy by implementing strong safeguards to protect sensitive information, ensuring regulatory compliance, maintaining trust, and upholding organizational integrity.

Customer Experience & Grievance Management

We enhanced customer satisfaction through expanded CSAT surveys and improved grievance redressal mechanisms, supported by CRM systems and continuous monitoring of complaint resolution timelines.

Community Impact

Our CSR vision focuses on driving meaningful community development aligned with the UN SDGs, with initiatives centered on education, health, livelihoods, environmental sustainability, and relief efforts.

Employee Engagement & Well-being

We strengthened onboarding, training, and engagement initiatives, supported by recognition programs and robust Health & Safety, Human Rights, and POSH frameworks to enhance employee well-being and development

Governance

Fusion Finance’s governance framework is anchored in strong policies, ethical principles, and transparent reporting practices that reinforce accountability and stakeholder trust. Core governance priorities include data privacy, supplier responsibility, and anti-corruption measures, which are embedded across the organization’s operations. Mandatory employee training programs and adherence to transparent disclosure standards further strengthen ethical

conduct and regulatory compliance. Collectively, these practices establish governance as a key pillar of Fusion Finance’s sustainability journey.

Strong governance continues to serve as the foundation of Fusion Finance’s ESG framework, with the Company making significant strides in enhancing oversight, strengthening accountability, and aligning business practices with long-term strategic and sustainability objectives.

A well-defined governance framework aligned with regulatory requirements and strategic priorities

Strong emphasis on transparency in compliance and disclosure practices

ESG oversight embedded at the Board and leadership level

Corporate policies designed in line with regulations and industry standards

Focused approach toward cybersecurity and data protection

Robust systems in place for effective risk identification and management

ESG initiatives are driven by gap assessment and materiality analysis, with enhanced transparency and accountability through disclosures aligned with recognized frameworks



Building an ESG-Oriented Culture

To deepen understanding of sustainability priorities, a dedicated ESG awareness session was conducted for senior employees. The session provided insights into emerging ESG trends, Fusion’s strategic direction, and the organization’s role in addressing key environmental and social challenges.

Social Performance Management: Fostering Inclusive Growth and Responsible Impact

At Fusion Finance, fostering inclusive growth and empowering rural communities remain integral to our social performance strategy. Our approach is centered on strengthening the entrepreneurial potential of low-income households, particularly women, by expanding access to opportunities, enhancing financial inclusion, and promoting economic self-reliance. Through this commitment, we aim to create a lasting and meaningful impact across communities while supporting sustainable development.

Strengthening Code of Conduct Practices

During the year, Fusion placed significant emphasis on strengthening awareness and adherence to the Code of Conduct across the organization. Training sessions were conducted at branch, regional, head office, and corporate levels to reinforce ethical practices, responsible behaviour, and customer-centric service delivery. These initiatives have further strengthened employees’ understanding and commitment to upholding organizational values in their day-to-day operations.

Advancing Stakeholder Trust and Transparency

At Fusion, we recognize that meaningful stakeholder engagement is critical for responsible growth and sustained impact. We actively engage with a diverse set of stakeholders—including customers, employees, investors, regulators, and community partners—through structured feedback mechanisms and review platforms.

These interactions enable us to better understand stakeholder perspectives, incorporate their inputs into our policies and practices, and co-create solutions that are inclusive and ethically grounded. Our stakeholder-centric approach strengthens trust, enhances transparency, and supports informed decision-making across the organization.

Education and Skill Development

Education and skill development continue to be a central pillar of Fusion’s CSR commitment, anchored in the conviction that learning and capability-building are vital drivers of national advancement and social equity. Fusion works towards expanding access to quality education and strengthening essential competencies among underserved sections of society.

By adopting a holistic and inclusive approach, Fusion focuses on nurturing strong academic foundations, enabling continuity in education, and promoting financial and digital awareness as critical life skills. These efforts are designed to enhance confidence, encourage informed choices, and support individuals in building sustainable and self-reliant futures.



NANHI PAHEL
Recognising the importance of the formative years, “Nanhi Pahal” Early Childhood and Education Centres have been designed with a primary focus on delivering quality early education to children in the age group of 3 to 5 years, ensuring they receive a strong foundation during this crucial stage of development.

Centres: **4** | States: **3** | Districts: **3**
Aspirational District: **1** | Children: **104**



SHIKSHA
The Shiksha initiative is dedicated to supporting economically disadvantaged students through the provision of scholarships that enable them to pursue their academic aspirations. By alleviating financial barriers, the program empowers students to access quality education, unlock their potential, and create pathways toward a brighter future for themselves and their communities.

States: **14** | Districts: **26** | Aspirational Districts: **6**
Scholars: **263** | **80%** beneficiaries from Government school



FINANCIAL LITERACY PROGRAMME



Fusion’s Financial Literacy Program focuses on building essential financial awareness among individuals, enabling them to manage their household finances with greater confidence and clarity. Conducted through structured one-day sessions, the program introduces participants to key concepts such as expense planning, savings discipline, and prudent spending.

The initiative places strong emphasis on helping individuals optimize their available resources by adopting practical and responsible financial habits. It encourages a shift from reactive spending to planned financial decision-making, supporting greater control over day-to-day finances.

By strengthening financial understanding at the individual level, the program also contributes to broader community stability. It promotes a mindset of accountability and forward planning, laying the foundation for improved financial security and more resilient communities.

States: **16** | Districts: **38** | Aspirational Districts: **5** | Sessions: **40**
Community members: **4,300+**



Garima

The CSR initiative GARIMA focuses on improving menstrual hygiene awareness among adolescent girls and women, with a strong emphasis on addressing deep-rooted social stigma and promoting safe and healthy menstrual practices. The program aims to build awareness, correct misconceptions, and encourage hygienic behaviour through structured and community-driven engagement. The intervention was implemented through a combination of school-based and community-based sessions, ensuring meaningful outreach to

both adolescent girls and adult women at the grassroots level. School sessions provided a structured environment to engage with adolescents at an early age, while community-based sessions enabled direct interaction with women at the household level. The discussions focused on menstrual hygiene management, safe practices during menstruation, and basic health awareness related to reproductive well-being. Regular follow-up interactions and community discussions were conducted to reinforce key messages and ensure continuity of learning beyond the initial sessions. These repeated engagements helped strengthen understanding and allowed participants to revisit concepts, clarify doubts, and gradually build confidence in adopting safe hygiene practices.

State: **Uttar Pradesh** | District: **Lucknow** | Beneficiary: **5,000+**
Women & Adolescent Girls | Sessions Conducted: **250+** | Villages: **50+**

Support to Athletes

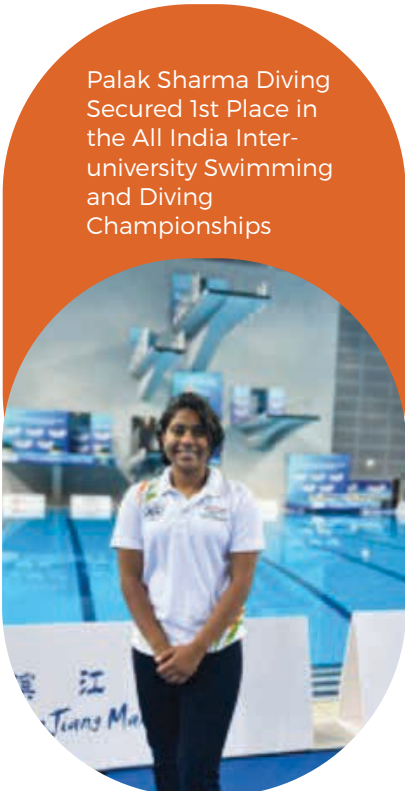
Fusion’s CSR initiative is committed to promoting sports excellence by enabling female athletes to perform and excel at national and international platforms. In partnership with the GoSports Foundation, the program has supported the training and holistic development of six promising female athletes who have overcome social and cultural barriers in pursuit of their sporting ambitions.



Prachi Lohan Fencing
Won 2 medals at Senior National Fencing Championships



Maibam Martina Devi Weightlifting Won gold at IWLF National Senior Weightlifting Championship and Asmita Khelo India Weightlifting Competition.



Palak Sharma Diving
Secured 1st Place in the All India Inter-university Swimming and Diving Championships



Sharvari Shende Archery Won gold in Under 18 Recurve world Championship



Community Empowerment and Livelihood

Community Empowerment and Livelihood constitute a key pillar of the Fusion’s CSR strategy, focused on enabling sustainable development and improving the socio-economic conditions of underserved communities. It adopts an integrated approach aimed at strengthening income generation opportunities, enhancing community assets, and building capacities to promote long-term resilience and self-sufficiency.

Jivika



The CSR initiative Jivika focuses on supporting rural women by creating sustainable livelihood opportunities through livestock development. During the year, the program covered two villages in Maharajganj, Uttar Pradesh, where a total of 50 female goats and 5 male goats were distributed among selected beneficiaries. This intervention aims to provide an additional and steady source of household income over time. The program goes beyond asset distribution by ensuring continued support to the beneficiaries.

State: **Uttar Pradesh** | District: **Maharajganj** | Women: **50**
Veterinary Visits: **50+** | Villages: **2**

Beej

The Beej Program continues to strengthen the livelihoods of small and marginal farmers across Uttar Pradesh and Madhya Pradesh by promoting sustainable and improved agricultural practices, with a strong emphasis on women’s participation. Notably, 100% of the farmers covered under key components of the program were women, reflecting a deliberate effort to enhance their role in agriculture and household income generation.

During the reporting period, the program supported 400 families for the wheat farmers across the Moradabad district in Uttar Pradesh and Sagar district in Madhya Pradesh, along with 35 families covered for the pulse farmers in Sagar, Madhya Pradesh. All participating farmers received high-quality agricultural inputs for wheat cultivation, including certified seeds and fertilizers, ensuring better crop performance and productivity.



States: **2** | Districts: **2** | Farmers: **435** | Crop Supported: **Wheat & Pulses** | Soil Testing: **100%** for wheat farmers

Environmental Sustainability and Sanitation

Fusion advances its commitment to Environmental Sustainability and Sanitation through focused efforts aimed at improving resource accessibility and promoting responsible environmental practices in underserved communities. The Company’s approach centres on strengthening access to essential resources, encouraging adoption of clean solutions, and supporting sustainable practices that contribute to long-term ecological balance.

JAL (WASH)

Under its CSR initiative JAL (WASH), Fusion focuses on improving access to safe and reliable drinking water in community institutions. During FY25-26, a total of 10 water purifiers and 2 water coolers were installed across 11 locations in 6 states, primarily in educational institutions.

These installations aim to ensure the availability of safe, purified, and chilled drinking water, thereby promoting better health and hygiene practices.



Urja solarization programme

Under its CSR initiative, “URJA,” the Company has undertaken targeted efforts to promote the adoption of clean and renewable energy across critical public institutions.

During the Financial year 25-26, Fusion installed solar power solutions at Rabindranath Tagore Hospital in Kondagaon, Chhattisgarh (10 kW), the Urban Primary Health Centre in Khagaria, Bihar (7.5 kW), and Composite Vidyalaya in Mathiya, Mirzapur, Uttar Pradesh (5 kW). These installations ensure a reliable and uninterrupted power supply, particularly in locations prone to electricity disruptions, thereby supporting the effective delivery of healthcare and education services. In addition to improving operational efficiency, the initiative contributes to a reduction in carbon emissions, encourages the use of green energy, and promotes a more sustainable and environmentally responsible ecosystem.





Hariyali

Fusion’s Hariyali program is driving meaningful change in the Niwari district of Madhya Pradesh by empowering farmers—particularly women—through the adoption of sustainable agricultural practices.

As part of the initiative, fruit saplings have been distributed to women farmers, enabling income diversification and fostering long-term economic resilience. These saplings are being carefully nurtured, laying a strong foundation for sustained environmental and financial benefits.

By promoting agroforestry, the Hariyali program not only strengthens rural livelihoods but also contributes to climate change mitigation. It supports farmers in adapting to increasingly unpredictable and extreme weather conditions, thereby enhancing their resilience.

Hariyali goes beyond tree plantation—it is a comprehensive effort to cultivate opportunities, empower communities, and contribute to a greener, more sustainable future.



100+ women farmers | 6,000+ Saplings | 1 State

Mechanism and Redressal of Community Grievances

Fusion Finance adopts a structured and collaborative approach toward addressing community grievances under its CSR initiatives. Programs are implemented both directly by the Company and through partnerships with NGOs, enabling effective outreach and engagement at the grassroots level. Company representatives and partner organizations regularly interact with communities to raise awareness about initiatives, understand local concerns, and ensure timely resolution of grievances.

Working in close alignment with the Company’s CSR priorities, these partnerships focus on delivering meaningful and sustainable solutions to address community needs. Depending on the scope and requirements of various programs, stakeholders such as local communities, educational institutions, panchayats, and relevant government authorities are actively engaged to facilitate smooth implementation. Continuous coordination between Company representatives and NGO partners further enables ongoing monitoring of program progress and effective resolution of community concerns, strengthening trust and long-term social impact.

Corporate Information

Corporate Identification Number	L65100DL1994PLC061287
RBI Registration number	B-14.02857
IRDAI Registration number	CA1083
Registered Office	H-1, C Block, Community Centre, Naraina Vihar, New Delhi, India - 110028
Corporate Office	Plot No. 86, Institutional Sector 32, Gurugram, Haryana, India - 122001
Email	companysecretary@fusionfin.com
Website	www.fusionfin.com
Contact No.	0124-6910500
ISIN	Fully Paid: INE139R01012, Partly Paid: IN9139R01028
LEI Number	335800ZD1C7DSU6FPE65
Listing of Securities	Equity Shares are listed at BSE and NSE. Non-Convertible Debentures are listed on BSE.
Scrip Code/Symbol of Stock Exchanges	Fully Paid: NSE: FUSION, BSE: 543652,

OTHER DETAILS

Managing Director & Chief Executive Officer Mr. Sanjay Garyali	
Non-Executive and Independent Directors Ms. Namrata Kaul Ms. Ratna Dharashree Vishwanathan (till May 23, 2026) Mr. Puneet Gupta Mr. Rajeev Sardana (w.e.f August 18, 2025) Mr. Brahmanand Hegde (w.e.f February 06, 2025)	Secretarial Auditor M/s. Navneet K Arora & Co LLP. E-8/1, LGF, Near Geeta Bhawan Mandir, Malviya Nagar, New Delhi -110017 Email: info@navneetaroracs.com (w.e.f. FY25-26)
Investor representative Directors Mr. Kenneth Dan Vander Weele (till March 31, 2026) Mr. Narendra Ostawal (till September 4, 2025) Mr. Hemant Omprakash Mundra (w.e.f. September 4, 2025) Ms. Remika Agarwal (w.e.f. March 31, 2026)	
Key Managerial Personnels Managing Director & Chief Executive Officer Mr. Sanjay Garyali (w.e.f. March 17, 2025 as CEO and w.e.f. September 30, 2025 as MD & CEO) Former Managing Director Mr. Devesh Sachdev (till September 30, 2025) Chief Financial Officer Mr. Gaurav Maheshwari (till June 25, 2025) Mr. Amandeep Singh (w.e.f. June 26, 2025 to January 17, 2025, as Interim CFO) Mr. Krishan Gopal (w.e.f. January 17, 2026) Company Secretary & Compliance Officer Mr. Deepak Madaan (till August 17, 2025) Mr. Vikrant Sadana (w.e.f. August 18, 2025)	Registrar to an issue and Share Transfer Agent MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) Address: C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai, Maharashtra, India - 400083 Tel: 022 - 49186000, 022 - 49186060, 011 - 4911000 Website: https://in.mpms.mufg.com/
Statutory Auditors M/s. B.K. Khare & Co. Address: Seventh Floor, 706/708, Sharda Chambers, Vithaldas Thackrsey Marg, Marine Lines, Mumbai, India- 400 020 (w.e.f. FY25-26)	Debenture Trustee Catalyst Trusteeship Limited Address: 901, 9 th Floor, Towr-B, Peninsula, Bussiness Park, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013 Tel.: 022 - 4922 0555 E-mail ID: ComplianceCTL-Mumbai@ctltrustee.com Website: www.catalysttrustee.com



DIRECTORS’ REPORT

Dear members,

The Board of Directors are pleased to present the 32nd Annual Report of your Company (“the Company” or “Fusion”) along with the Standalone Audited Financial Statements, for the Financial Year ended March 31, 2026 (“year under review”).

1. FINANCIAL SUMMARY/STATE OF AFFAIRS

The financial statements of the Company for the year ended March 31, 2026 have been prepared in accordance with Indian Accounting Standards (“Ind AS”) prescribed under section 133 of the Companies Act, 2013 (the “Act”), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III to the Act, as amended from time to time and applicable guidelines issued by Securities and Exchange Board of India (SEBI).

The financial results of the Company for the current Financial Year ended March 31, 2026, as compared to the previous Financial Year ended March 31, 2025, are as under:

(₹ in crores unless otherwise stated)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations		
Interest Income	1,532.52	2,134.22
Fees and commission Income	15.78	15.14
Net gain on fair value changes	30.38	81.26
Net gain on derecognition of financial instruments under amortized cost category	57.21	89.14
Other operating income	62.64	24.18
Total Revenue from operations	1,698.53	2,343.94
Other Income	33.97	24.95
Total Income	1,732.50	2,368.89
Expenses		
Finance Costs	538.72	843.85
Impairment on financial instruments	425.17	1,869.49
Employee benefits expenses	616.92	573.24
Depreciation and amortization	9.60	11.67
Other expenses	205.02	203.65
Total Expenses	1,795.43	3,501.90
Profit/(Loss) before tax for the year	(62.93)	(1,133.01)
Tax Expense/(Credit):		
Current Tax	-	-
Deferred Tax	(76.78)	91.53
Profit/ (Loss) for the year	13.85	(1,224.54)
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains on defined benefit plans	3.10	1.28
Income tax effect	(0.78)	-

Items that will be reclassified subsequently to profit or loss		
Cash flow hedge	(2.94)	-
Income tax effect	(1.63)	-
Total Other Comprehensive Income for the year	(2.25)	1.28
Total Comprehensive Income for the year	11.60	(1,223.26)

During the Financial Year 2025–26, the Company achieved a net profit of INR 13.85 crores for the year, in comparison to loss reported in previous financial year 2024–25 of INR 1,224.54 crores.

2. OPERATIONAL PERFORMANCE

Operational performance of the Company for the Financial Year ended March 31, 2026 as compared to the previous Financial Year ended on March 31, 2025 is summarized below:

MFI		
Particulars	FY March 31, 2026	FY March 31, 2025
Number of Branches	1,446	1,466
Number of Members	21,50,131	31,91,002
Number of employees	11,316	14,177
Number of States	22	22
Amount Disbursed (INR In Crore)	5,646	6,623
Asset Under Management (INR In Crore)	6,635	8,307

In MFI, the Company has a total of 21,50,131 active loan Borrowers as on March 31, 2026, which has decreased from 31,91,002 as on March 31, 2025. The reduction in active loan borrowers during the year was 32.62%.

MSME		
Particulars	FY March 31, 2026	FY March 31, 2025
Number of Branches	90	105
Number of Members	19,091	19,081
Number of employees	705	1,097
Number of States	7	8
Amount Disbursed (INR In Crore)	336	348
Asset Under Management (INR In Crore)	772	673

In MSME, the Company has a total of 19,091 active loan Borrowers as on March 31, 2026, which has increased from 19,081 as on March 31, 2025.



3. CASH FLOW STATEMENT

The Cash Flow Statement for the financial year ended on March 31, 2026 prepared under the applicable provisions of the Companies Act, 2013 read with applicable Ind-AS is forming part of the Audited Financial Statements of the Company.

4. ANNUAL RETURN

Pursuant to sub-section (3)(a) of Section 134 and sub-section (3) of Section 92 of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, a copy of the draft Annual Return as on March 31, 2026 is available on the website of the company at www.fusionfin.com

5. DEPOSITS

The Company is a non-deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI) and has not accepted any public deposits within the ambit of RBI (NBFC - Acceptance of Public Deposits) Directions, 2025 or Section 73 of the Act read with Companies (Acceptance of Deposits) Rules, 2014. Further the Company continues to be a non-deposit taking Non-Banking Financial Company in conformity with the guidelines of the RBI. Therefore, the disclosures required under Rule 8(5)(v) of Companies (Accounts) Rules, 2014 and Rule 2(1)(c) of Companies (Acceptance of Deposits) Rules, 2014 are not applicable.

6. TRANSFER TO RESERVES

During the Financial Year 2025-26, the Company has transferred Rs. 2.77 crores to the statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

7. DIVIDEND DISTRIBUTION POLICY

Pursuant to the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI LODR Regulations'), the Company had formulated a dividend distribution policy, which sets out the parameters and circumstances to be considered by the Board of Directors ('Board') in determining the distribution of dividend to its shareholders and/or retaining profit earned. The said policy is available on the website of the Company at <https://fusionfin.com/wp-content/uploads/2025/11/Fusion-Finance-Dividend-Distribution-Policy.pdf>

8. DIVIDEND

The Board of Directors of your Company is focused on driving sustainable business growth and enhancing long-term shareholder values. In line with this objective and considering the substantial resources required to

support the Company's long-term strategic initiatives, the Board has not recommended any dividend for the FY 2025-26.

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

In terms of Section 125 of the Act, unclaimed dividends along with shares in respect of which dividend are not claimed for a period of 7 consecutive years are required to be transferred to the Investors Education and Protection Fund. There has been no dividend declared and unpaid in the last Seven (7) years and year under review and hence, the same is not applicable.

10. COMPLIANCE AND REGULATORY

Fusion Finance Limited (Formerly known as Fusion Micro Finance Limited) ('the Company'), was originally incorporated as 'Ambience Fincap Private Limited' on September 5, 1994 under the Companies Act, 1956. On January 9, 2003, the Reserve Bank of India (RBI) granted a certificate of registration as a non-deposit accepting, non-banking financial company under Section 45-IA of the Reserve Bank of India Act, 1934.

Subsequently, the name of Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010, was issued, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Thereafter, the Company was issued a fresh certificate dated January 28, 2014 from RBI for carrying on the business of Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI'). The name of the Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company pursuant to the special resolution passed by the Shareholders of the Company and a fresh certificate of incorporation was issued dated July 20, 2021. Thereafter, the name of the Company was further changed to Fusion Finance Limited with effect from July 09, 2024. A fresh certificate consequent to change in the name of Fusion Finance Limited was issued by Registrar of Companies, Central Processing Centre, Haryana on July 09, 2024. The registered office of the Company is situated at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028.

The Company has listed its equity shares on both BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") w.e.f November 15, 2022 and traded on BSE (Scrip Code: 543652) and NSE (Symbol: FUSION) under the ISIN: INE139R01012. Further, during the year under review, the Company has listed its Non-Convertible Debt Instruments on BSE Limited. The

listing fees to BSE & NSE for the Financial Year 2025-26 has been duly paid within applicable timelines.

Pursuant to the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 issued by the RBI vide circular dated November 28, 2025 ("SBR Framework"), the Company has been categorised as an NBFC – Middle Layer ("NBFC-ML").

During the year under review, the Company has received a corporate agency license on October 17, 2025 from the Insurance Regulatory and Development Authority of India (IRDAI).

The Company has complied with and continues to comply with all applicable laws, rules, regulations, circulars, notifications and directions issued by the Reserve Bank of India ("RBI"), including those applicable to NBFC-MFIs, the applicable provisions of Companies Act, 2013 and rules and regulations made thereunder, the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Issue and Listing of Non - Convertible Securities), Regulations 2021, SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB Regulations") or such other applicable regulations/notifications/circulars/master circulars issued by SEBI, Stock Exchanges and Depositories in this regard, Secretarial Standards issued by ICSI and notified by MCA or any amendments thereof, and the IRDAI (Registration of Corporate Agents) Regulations, 2015, along with other applicable directions and guidelines issued by the Insurance Regulatory and Development Authority of India ("IRDAI"). The Company does not undertake any activity other than those specifically permitted for NBFC-MFIs under the applicable RBI regulatory framework and objects defined under the Memorandum of Association and for Corporate Agents under the applicable IRDAI regulatory framework.

11. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2025-26, the Board met 14 (Fourteen) times and details related to the Board Meetings of the Company are mentioned in the Corporate Governance Report annexed as "ANNEXURE -I", which forms part of this report. The intervening gap between the Board Meetings was within the period prescribed under the Act and SEBI LODR Regulations.

12. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of business of the Company.

13. DIRECTORS AND KEY MANAGERIAL PERSONNELS (KMP)

a. Changes in Directors during the FY 2025 -26

(i) The Shareholders in the 31st Annual General Meeting of the Company held on July 22, 2025 approved the re-appointment of Mr. Devesh Sachdev (DIN: 02547111), retiring by rotation, as the Director of the Company.

Further, Mr. Sachdev resigned from the position of Managing Director of the Company on September 30, 2025 and resigned from the directorship of the Company w.e.f. November 4, 2025.

(ii) Mr. Sanjay Garyali (DIN: 11046442) was appointed as an Additional Director designated as Whole-Time Director w.e.f. August 18, 2025. The appointment of Mr. Garyali as Director and Whole-Time Director was approved by shareholders via Postal ballot on October 19, 2025. Subsequently Mr. Garyali was appointed as Managing Director of the Company with effect from September 30, 2025. The appointment of Mr. Sanjay Garyali, as Managing Director was approved by the Shareholders of the Company by passing a Special Resolution via postal ballot on January 7, 2026, on the terms and conditions as approved by the shareholders via postal ballot on October 19, 2025, for the period of 5 (five) consecutive years commencing from August 18, 2025 to August 17, 2030.

(iii) Mr. Narendra Ostawal (DIN: 06530414), representing Honey Rose Investment Limited (Warburg Pincus), has resigned from the directorship of the Company w.e.f. September 04, 2025.

(iv) Mr. Hemant Omprakash Mundra (DIN: 08192978) was appointed as an Additional Non-Executive Director of the Company w.e.f. September 04, 2025, representative of Honey Rose Investment Limited (Warburg Pincus). Subsequently, the appointment of Mr. Mundra was approved by the Shareholders of the Company via postal ballot on October 19, 2025, liable to retire by rotation. The requisite approval from Reserve Bank of India has been obtained by the Company.

(v) Mr. Rajeev Sardana (DIN: 06648276), was appointed as an Additional Non-Executive Independent Director of the Company w.e.f. August 18, 2025 and subsequently the appointment of Mr. Sardana was



approved by the Shareholders of the Company by way of postal ballot on October 19, 2025, for a period of five (5) consecutive years with effect from August 18, 2025 to August 17, 2030, not liable to retire by rotation.

- (vi) Mr. Brahmanand Hegde (DIN: 02984527), was appointed as an Additional Non-Executive Independent Director of the Company w.e.f. February 6, 2026 and subsequently the appointment of Mr. Hegde was approved by the shareholders via postal ballot on May 2, 2026, for a period of five (5) consecutive years with effect from February 06, 2026 up to February 05, 2031, not liable to retire by rotation.
- (vii) Mr. Kenneth Dan Vander Weele (DIN: 02545813), representing Creation Investments Fusion, LLC and Creation Investments Fusion II, LLC, has resigned from the directorship of the Company w.e.f. March 31, 2026.
- (viii) Ms. Remika Agarwal (DIN: 09438221) representing Creation Investments Fusion, LLC and Creation Investments Fusion II, LLC, was appointed as an Additional Non-Executive Director w.e.f. March 31, 2026 and subsequently, the appointment of Ms. Remika Agarwal was approved by the shareholders via postal ballot on May 02, 2026, for a period of five consecutive years commencing from March 31, 2026 to March 30, 2031, liable to retire by rotation. The requisite approval from Reserve Bank of India has been obtained by the Company.
- (ix) Post closure of FY 2025-26, the second and final term of Ms. Ratna Dharashree Vishwanathan (DIN: 07278291) would be completed on May 23, 2026.

b. Changes in Key Managerial Personnels during the FY 2025-26:

- (i) Mr. Gaurav Maheshwari, resigned from the position of Chief Financial Officer of the Company w.e.f. June 25, 2025.
- (ii) Mr. Amandeep Singh, was appointed as Interim Chief Financial Officer of the Company w.e.f. June 26, 2025, who resigned from the position of Interim Chief Financial Officer w.e.f. January 17, 2026.
- (iii) Mr. Deepak Madaan, resigned from the position of Company Secretary & Chief Compliance Officer of the Company w.e.f. August 17, 2025.
- (iv) Mr. Vikrant Sadana, was appointed as Company Secretary & Compliance Officer of the Company w.e.f. August 18, 2025.

- (v) Mr. Krishan Gopal, was appointed as Chief Financial Officer of the Company w.e.f. January 17, 2026.

The above changes in Directors and KMPs represent a significant step in strengthening Fusion's leadership team and reinforcing its corporate governance framework. The Board believes that these changes are in alignment with the principles of transparency, accountability, independence and ethical conduct, which underpin the Company's governance philosophy. These initiatives are aligned with the Company's long-term strategic objectives and are expected to enhance organizational effectiveness, enable sustainable growth, and support the creation of long-term value for all stakeholders.

c. Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, and Regulation 17(1)(a) of the SEBI LODR Regulations, the Company shall have at least one Woman Director on the Board. As on March 31, 2026, the Board comprised Ms. Namrata Kaul and Ms. Ratna Dharashree Vishwanathan as Independent Women Directors, and Ms. Remika Agarwal as Non-Executive, Non Independent Woman Director. Further, Ms. Ratna Dharashree Vishwanathan would complete her tenure (second and final term) on May 23, 2026.

d. Director liable to retire by rotation

Mr. Sanjay Garyali (DIN: 11046442) is liable to retire by rotation at the ensuing 32nd Annual General Meeting and, being eligible, has offered himself for re-appointment. The Board, based on its evaluation, recommends his re-appointment as a Director of the Company. The requisite disclosures pursuant to Regulation 36(3) of the SEBI LODR Regulations, along with his brief profile, form part of the Notice of the 32nd Annual General Meeting of the Company.

e. Key Managerial Personnel (KMP)

As per the provisions of the Act, as on March 31, 2026, Mr. Sanjay Garyali, Managing Director & Chief Executive Officer, Mr. Krishan Gopal, Chief Financial Officer and Mr. Vikrant Sadana, Company Secretary & Compliance Officer are the KMPs of the Company.

14. DECLARATION OF INDEPENDENCE

The Company has received necessary declarations from each Independent Director as per the provisions of Section 149(7) of the Act read with Regulation 16 & 25(8) of SEBI LODR Regulations, that they meet the criteria of Independence as laid down in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI LODR Regulations.

There has been no change in the circumstances affecting their status as Independent Directors of the Company or to disqualify under the Act and the relevant regulations.

In the opinion of the Board all the Independent Directors are the person of integrity and possess requisite qualification/ skill/ expertise required for their roles and they are independent of the Management.

15. CREDIT RATING

Rating Instrument	Rating Agency	Rating at the beginning of the Year	Rating at the end of the Year	Movement
Long Term Debt	CARE Rating Limited	CARE A /Rating watch with Negative implications	CARE A (Stable)	Outlook Upgraded
	CRISIL Limited	CRISIL A-/ Stable	CRISIL A-/ Stable	-
Non - Convertible Debenture	CARE Rating Limited	-	CARE A (Stable)	-
	ICRA Limited	-	ICRA A- (Stable)	-
	ICRA Limited	ICRA A- (Negative)	-	-
Subordinate Debt	ICRA Limited	ICRA A- (Negative)	ICRA A- (Stable)	Outlook Upgraded
Pass Through Certificates	CRISIL Limited	-	AA+ (SO)/AA-(SO)/A(SO)	-
	ICRA Limited	-	ICRA AA+(SO)	-
Commercial Paper	CRISIL Limited	A1	A1	-

16. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was stood at 36.46% as on March 31, 2026, as against the minimum capital adequacy requirements of 15% by Reserve Bank of India ("RBI").

17. FAIR PRACTICE CODE

The Company has in place a Fair Practice Code (FPC) approved by the Board in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at www.fusionfin.com.

18. CUSTOMER GRIEVANCES

The Company has a dedicated team on Customer Service for receiving and handling customer complaints/ grievances and ensuring that the customers are treated fairly and without any bias at all times. All issues raised by the customers are dealt with courtesy and redressed expeditiously.

During the year under review, the Board has constituted Customer Service Committee to oversee the governance customer related services provided. The detailed terms of reference and constitution details are provided under Corporate Governance Report annexed as **"ANNEXURE-1"**.

19. RESOURCE MOBILIZATION

Term Loan / Sub debt /Refinance

During the year under review, the Company diversified its sources of funds and raised a sum of Rs. 4,045.80 Crore (Inclusive of Term Loan of Rs. 3,872.70 Crore, and ECB of Rs. 173.10 Crore).

Secured / Unsecured Non-convertible debentures

During the year under review, the Company has raised INR 310.00 Crores from issuance of listed, secured Non-Convertible Debentures.

Direct Assignment/Pass Through Certificate

During the year under review, the Company raised resources to the extent of Rs. 1,623.55 Crore through Direct Assignment (1,166.00 Crore) and Pass-Through Certificate (457.55 Crore).

20. SHARE CAPITAL

The Authorised Share Capital of the Company as on March 31, 2026 is stood at Rs. 2,00,00,00,000 (Rupees Two Hundred Crore only) consisting of 20,00,00,000 (Twenty Crore) Equity Shares of INR 10/- each.

The Issued and Paid-up Equity Share Capital of the Company as on March 31, 2026, stood at INR 1,61,88,62,330 (Rupees One Hundred Sixty One Crore Eighty Eight Lakh Sixty Two Thousand Three Hundred Thirty only) consisting of 16,13,75,774 (Sixteen Crore Thirteen Lakh Seventy Five Thousand Seven Hundred and Seventy Four) Fully paid-up Equity Shares of INR



10/- each and 7,06,503 (Seven Lakh Six Thousand Five Hundred Three) partly paid-up Equity Shares of INR 5/- each.

During the year, the Company has successfully completed the Rights Issue. The Rights Issue Committee on May 02, 2025 has approved allotment of 6,10,58,392 partly paid up equity shares at INR 131/- per share (including face value of INR 10/- each and a premium of INR 121/- per equity share) aggregating to ~INR 800 Crore; out of which an amount of INR 65.50/- per share (including face value of INR 5 each and a premium of INR 60.50 per share), aggregating to an amount of INR 399.93 crore has been paid by the eligible equity shareholders as application money for subscription of right issue.

Further, as approved by the Board of Directors in their meeting dated November 04, 2025, Company issued notice to pay the first and final call money of INR 65.50/- per share (including face value of INR 5 each and a premium of INR 60.50 per share) on November 13, 2025 to the eligible shareholder holding shares as on record date i.e. November 11, 2025. Company received call money of INR 3,95,30,48,729.50/- (Rupees Three Hundred and Ninety Five Crore Thirty Lakh Forty Eight Thousand Seven Hundred Twenty Nine and Fifty Paise only) on 6,03,51,889 (Six Crore Three Lakh Fifty One Thousand Eight Hundred Eighty Nine) partly paid-up equity shares. Accordingly, the Right Issue Committee

approved the conversion of 6,03,51,889 partly paid up equity shares to fully paid equity shares.

Further, on February 11, 2026, the Company issued first reminder notice to shareholders for payment of call money on the remaining 7,06,503 (Seven Lakh Six Thousand Five Hundred Three) partly paid equity shares, amounting to INR 4,62,75,946.50 (Rupees Four Crore Sixty Two Lakh Seventy Five Thousand Nine Hundred Forty Six and Paise Fifty only). Out of which, the Company received call money of INR 2,05,94,182.50 (Rupees Two Crore Five Lakh Ninety-Four Thousand One Hundred Eighty-Two and Paise Fifty only) on 3,14,415 (Three Lakh Fourteen Thousand Four Hundred Fifteen) partly paid-up shares. As on date of the report, the call money on 3,92,088 partly paid-up equity shares remain outstanding which amounts to INR 2,56,81,764 (Rupees Two Crores Fifty Six Lakh Eighty One Thousand Seven Hundred Sixty Four only).

Further, the Company has not bought back any of its securities during the year under review.

21. NON CONVERTIBLE DEBENTURES

During the year under review, the Board of Directors of the Company approved the issuance of non-convertible debentures of Rs. 1,000 Crores, out of which the Company has raised funds by issuance of Listed, Secured Non-Convertible Debenture of an amount Rs. 310 crores. The necessary details of the same are as follows:

(a) date of issue and allotment of the securities;	December 16, 2025	December 29, 2025
(b) number of securities;	16000	15000
(c) whether the issue of the securities was by way of preferential allotment, private placement or public issue;	Private Placement	
(d) brief details of the debt restructuring pursuant to which the securities are issued;	Nil	
(e) issue price;	1,00,000	
(f) coupon rate;	10.95%	
(g) maturity date;	December 16, 2028	June 29, 2028
(h) amount raised (Rs. In Cr.)	160	150

The outstanding NCDs including subordinated liabilities in form of NCDs as on March 31, 2026, was Rs. 360.16 Crores (at amortised cost).

22. COMMITTEES DETAILS

As on March 31, 2026, the Company had 8 (eight) Board Level Committees namely Audit Committee, Nomination and Remuneration Committee, Board Risk Management Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee, CSR & ESG Committee, Customer Service Committee and Rights Issue Committee. Further, the Company has constituted several management-level committees in accordance with applicable NBFC guidelines and to support its operational requirements. These include, among others, the Information Security Committee, IT Steering Committee, Asset Liability Management Committee, Special Committee on Fraud Monitoring, Pricing Committee, Working Committee, and Debenture Committee.

The necessary details regarding committee meetings, including composition & terms of reference are covered under Corporate Governance Report, which forms part of this Annual Report and annexed as “ANNEXURE – 1”.

23. RELATED PARTY TRANSACTIONS

The Company has in place a Policy on Related Party Transactions (“RPT Policy”), as amended from time to time.

The RPT Policy provides for identification of RPT, necessary approvals from the Audit Committee/Board/ Members, reporting and disclosure requirements in compliance with the provisions of the Act and SEBI LODR Regulations and Industry Standards on Related Party Transactions. The said RPT Policy can be accessed on the website of the Company at www.fusionfin.com All contracts or arrangements executed by the Company during the year under review with related parties were on arm’s length basis and in the ordinary course of business.

During the year under review, the Company has not entered into any contract(s)/arrangement(s)/ transaction(s) with related parties which could be considered material in accordance with Regulation 23 of the SEBI LODR Regulations, as amended and the RPT Policy of the Company. Hence, the disclosure of RPTs as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to the Company.

The required details, as applicable, in relation to the related party transactions were placed before the Audit Committee and Board of Directors as per prescribed timelines.

Further, details of related party transactions as required to be disclosed as per Indian Accounting Standard - 24 “Related Party Disclosures” specified under Section 133 of the Act are given in Note 45 forming part of Standalone Financial Statements of the Company.

24. AUDITOR’S AND AUDITORS’ REPORT

STATUTORY AUDITOR

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder and RBI notification no. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021, read with the Company’s policy on Appointment of Statutory Auditors, based on the recommendation of Audit Committee and approval of the Board of Directors, the Members of the Company at its 31st AGM held on July 22, 2025 had appointed M/s. B.K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), as the Statutory Auditors of the Company for a period of 3 (three) consecutive years from the conclusion of the 31st AGM till the conclusion of the 34th AGM of the Company.

Further, the Auditors’ Report for the financial year 2025-26, forming part of this Annual Report, does not contain any qualification, reservation, adverse remark or disclaimer. Further, there were no instances of any fraud reported by the Statutory Auditor’s to the Board pursuant to Section 143(12) of the Act.

SECRETARIAL AUDITOR

Pursuant to provisions of Section 204 of the Act and Regulation 24A of SEBI LODR Regulations, based on recommendation of Audit Committee, the Board of Directors, had appointed M/s. Navneet K Arora & Co LLP, Company Secretaries (Firm Registration No. P2009DE061500), as Secretarial Auditors of the Company for a first term of 5 (five) consecutive years beginning from Financial Year 2025-26 i.e. from the 31st AGM till the conclusion of the 36th AGM. Further, the same was approved by the shareholders of the Company at 31st AGM held on July 22, 2025.

The Secretarial Audit Report for Financial Year ended on March 31, 2026 does not contain any qualification, reservation, adverse remark or disclaimer, and forms part of Annual Report as “ANNEXURE – 2”.

Annual Secretarial Compliance Report

A Secretarial Compliance Report for the Financial Year ended March 31, 2026 on compliance of all applicable Acts and SEBI Regulations and circulars/ guidelines issued thereunder, was obtained from M/s. Navneet K Arora & Co LLP, Company Secretaries, Secretarial



Auditor of the Company and submitted with Stock Exchanges within stipulated timelines.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, in terms of the provisions of Section 186(1) of the Act, the Company did not make any investment through more than two layers of investment companies.

As the Company is a Non-Banking Financial Company, the disclosure requirements pertaining to particulars of loans or guarantees given and securities provided are exempt under the provisions of Section 186(11) of the Act, read with the relevant rules made thereunder, as amended. Further, details of the investments made by the Company are disclosed in the Notes to the Financial Statements.

26. COMPENSATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178 of the Act read with applicable rules thereunder, and Regulation 19 of SEBI LODR Regulations and in accordance with the RBI Guidelines, the Company have in place a Compensation and Remuneration policy approved by the Board of Directors.

This Policy is directed towards a structure that provides adequate rewards and compensation to the employees, as specified therein. This policy formulates the criteria for determining qualifications, competencies, positive attributes, and independence for the appointment of a director (executive/non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel (KMPs) and other employees.

This Policy is available on our website at www.fusionfin.com

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

There are no material changes and commitments, affecting the financial position of your Company which have occurred in FY 2025-26 and up to the date of this report, except elsewhere stated in this report.

28. APPLICATION OF RE-CLASSIFICATION OF MR. DEVESH SACHDEV & HIS FAMILY FROM THE "PROMOTERS/PROMOTERS GROUP" CATEGORY TO "PUBLIC" CATEGORY

During the year under review, the Company received applications from Mr. Devesh Sachdev and his family members, along with their relatives (the "Outgoing Promoter and Promoter Group"), for seeking

reclassification from the "Promoter and Promoter Group" category to the "Public" category.

After evaluating the rationale submitted in support of the applications, the Board of Directors approved the proposed reclassification, subject to obtaining the necessary approvals/no-objections from BSE Limited and the National Stock Exchange of India Limited (collectively, the "Stock Exchanges"), followed by the approval of the shareholders of the Company. Accordingly, the Company has submitted the requisite applications to the Stock Exchanges seeking their approval/no-objection for the proposed reclassification.

29. RIGHTS ISSUE

During the year under review, the Company has successfully completed the Rights Issue. The Rights Issue Committee on May 02, 2025 has approved allotment of 6,10,58,392 partly paid up equity shares at INR 131/- per share (including face value of INR 10/- each and a premium of INR 121/- per share) aggregating to ~INR 800 Crore; out of which an amount of INR 65.50/- per share (including face value of INR 5 each and a premium of INR 60.50 per share), aggregating to an amount of INR 399.93 crore has been paid by the eligible equity shareholders as application money for subscription of right issue.

Further, as approved by the Board of Directors in their meeting dated November 04, 2025, Company issued notice to pay the first and final call money of INR 65.50/- per share (including face value of INR 5 each and a premium of INR 60.50 per share) on November 13, 2025 to the eligible shareholder holding shares as on record date i.e. November 11, 2025. The Company received call money of INR 3,95,30,48,729.50/- (Rupees Three Hundred and Ninety Five Crore Thirty Lakh Forty Eight Thousand Seven Hundred Twenty Nine and Fifty Paise only) on 6,03,51,889 (Six Crore Three Lakh Fifty One Thousand Eight Hundred Eighty Nine) partly paid-up equity shares. Accordingly Right Issue Committee approved the conversion of 6,03,51,889 partly paid up equity shares to fully paid equity shares.

Further, on February 11, 2026, the company issued first reminder notice to shareholders for payment of call money on the remaining 7,06,503 (Seven Lakh Six Thousand Five Hundred Three) partly paid equity shares, amounting to INR 4,62,75,946.50 (Rupees Four Crore Sixty Two Lakh Seventy Five Thousand Nine Hundred Forty Six and Paise Fifty only). Out of which, the Company received call money of INR 2,05,94,182.50

(Rupees Two Crore Five Lakh Ninety-Four Thousand One Hundred Eighty-Two and Paise Fifty only) on 3,14,415 (Three Lakh Fourteen Thousand Four Hundred Fifteen) partly paid-up shares. As on date of the report, the call money on 3,92,088 partly paid-up equity shares remain outstanding which amounts to INR 2,56,81,764 (Rupees Two Crores Fifty Six Lakh Eighty One Thousand Seven Hundred Sixty Four only).

30. EMPLOYEE STOCK OPTIONS PLAN

The Board vide its meetings dated March 14, 2025 approved the increase of ESOP pool from 10,00,000 stock options to 60,00,000 stock options in ESOP 2023 scheme, which was further approved by the shareholders on April 23, 2025 vide postal ballot. The company has also received in-principle approval for the additional pool of 50,00,000 options from BSE vide letter No. DCS/IPO/AK/ESOP-IP/3649/2025-26 and NSE vide letter no. NSE/LIST/48565, both dated June 04, 2025. During the year under review, the Company has obtained shareholders approval to grant employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company under Fusion Employee Stock Option Plan 2023.

Further, a certificate as required under Regulation 13 of SBEB Regulations, as amended, confirming that the ESOP 2016 and ESOP 2023 has been implemented in accordance with SBEB Regulations, issued by M/s Navneet K Arora, Secretarial Auditors of the Company will be available for inspection by the Members of the Company at the ensuing AGM.

Disclosures pertaining to ESOP 2016 and ESOP 2023 pursuant to SBEB Regulations are placed on the Company's website <https://fusionfin.com> Grant wise details of options vested, exercised and cancelled are provided in the notes to the standalone financial statement of the Company.

31. AMENDMENT IN THE ARTICLES OF ASSOCIATION (AOA)

During the year under review, the approval of the shareholders was obtained in 31st AGM of the Company held on July 22, 2025 to alter Articles of Association ("AOA") of the Company by way of deletion of the existing article 35 of the AOA and substitution with the following article 35:

"35. Board to have Right to Make Calls on Shares

The Board may subject to the provisions of the Act and any other applicable law, from time to time,

make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one half or 50% of the nominal value and premium amount of the equity share or be payable at less than one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board. The power to call on shares shall not be delegated to any other person except with the approval of the shareholders' in a General Meeting."

Further, the approval of the shareholders was obtained via postal ballot on January 7, 2026 to alter the articles of association as under:

- A. In Article 4 (Definitions and Interpretation) of Part A of the AOA, the definition of "Founder Promoter" stands omitted; and
- B. Article 103.2 of the AOA be substituted with the following clause 103.2 of the AOA:

The composition of the Board of the Company shall be as follows: (i) for so long as and until Creation and Creation II collectively hold such number of Securities which is equal to or greater than the Minimum Threshold for Directorship, they shall collectively be entitled to nominate 1 (One) Director (the "Creation Director") on the Board of the Company; (ii) for so long as and until Honey Rose holds such number of Securities which is equal to or greater than the Minimum Threshold for Directorship, it shall be entitled to nominate 2 (Two) Directors (each a "Honey Rose Director") on the Board of the Company; and (iii) such number of Independent Directors as prescribed under Applicable Law ("Independent Directors"). The Creation Director and Honey Rose Directors shall hereinafter be referred to individually as "Investor Director" and collectively as "Investor Directors".

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

a. Information Relating to Conservation of Energy, Technology Absorption

The operations of our Company are not energy-intensive. The Company has, however, used information technology extensively in its operations and continuously invests in energy-efficient office equipment at all office locations.



b. Foreign Exchange Earnings and Outgo

During the year under review, the Company has foreign exchange inflow of INR 173.10 Crores towards External Commercial Borrowings ("ECB") and outgo is INR 26.98 crores towards repayment of installments on ECB, professional fees and other operating expenses.

33. RISK MANAGEMENT

Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation, and monitoring of the Credit, Market, liquidity, Operational, compliance risks to achieving our key business objectives. ERM at Fusion seeks to minimize the adverse impact of these risks, thus enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage.

The Board of Directors of the Company has formed a Board Risk Management Committee ("BRMC") to frame, implement, and monitor the enterprise risk management plan for the Company.

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the BRMC is responsible for reviewing the enterprise risk management plan, ensuring its effectiveness, and verifying adherence to various risk parameters. The Company's Enterprise Risk Management strategy is based on clear understanding of various risks, disciplined Enterprise risk assessment and continuous monitoring. The BRMC reviews various risks with which the organization is exposed including Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk. The development and implementation of risk management has been covered in the Management Discussion and Analysis Report attached as **ANNEXURE - 3**.

34. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG").

The Company is committed to fulfilling its responsibilities towards the community by actively deploying its resources and efforts for sustainable social development. In furtherance of this objective, the CSR & ESG Committee has formulated a comprehensive CSR Policy, which provides a clear framework guiding the Company's CSR initiatives. The policy outlines key focus areas around which the Company's CSR activities are structured, including education and skill development to enhance employability, promotion of social and economic welfare for underprivileged sections of society, and

initiatives aimed at environmental sustainability and ecological balance.

Additionally, the policy encompasses such other activities as specified under Schedule VII of the Companies Act, 2013, as may be identified and approved by the CSR Committee from time to time, based on emerging societal needs and priorities. Through a structured and consistent approach, the Company endeavours to create long-term value for the community and contribute meaningfully towards inclusive and sustainable growth.

The Company remains committed to creating sustainable social impact through its Corporate Social Responsibility (CSR) initiatives in alignment with the provisions of Section 135 of the Companies Act, 2013 and the CSR Policy of the Company. During the financial year, the Company undertook various interventions across key thematic areas including Education & Skill Development, Health & Hygiene, Community Empowerment & Livelihood, Environmental Sustainability & Sanitation, and Relief & Rehabilitation. The Company also encouraged employee volunteering initiatives to strengthen community engagement and social participation. The Annual Report on CSR activities, containing details of the composition of the CSR Committee, brief outlines of CSR Policy, amount spent during the year, and other prescribed disclosures, forms part of this Report as **ANNEXURE - 4**.

The CSR Policy is available on the website of the company at www.fusionfin.com

The Company continues to strengthen its commitment towards Environmental, Social and Governance (ESG) principles by integrating responsible and sustainable business practices into its operations and decision-making processes. The Company remains focused on promoting environmental stewardship through efficient utilization of paper consumption, e- waste management, energy conservation, and responsible business conduct. On the social front, the Company emphasizes employee well-being, diversity & inclusion, customer centricity, community engagement, and ethical workplace practices. Strong governance frameworks, transparency, compliance, risk management, and ethical business standards continue to guide the Company's operations. The Company recognizes ESG as a key driver for sustainable growth and stakeholder value creation and shall continue to enhance its ESG initiatives in line with evolving regulatory and business expectations.

The ESG Policy is available on the website of the company at www.fusionfin.com

During the year under review, the name of the Corporate Social Responsibility Committee was changed to "CSR & ESG Committee" for broadening its responsibilities to include identifying and monitoring material ESG risks and opportunities and developing strategic ESG action plans and key performance indicators.

Further, the composition of the CSR & ESG Committee, terms of reference of the committee and the details of meetings attended by the Committee members are provided in Corporate Governance Report attached as **"ANNEXURE 1"**.

35. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

A comprehensive Business Responsibility and Sustainability Report (BRSR), outlining the Company's performance and initiatives in the areas of environmental, social, and governance (ESG) practices, has been duly prepared in accordance with the applicable regulatory requirements. The Report provides a detailed insight into the Company's approach towards responsible business conduct, sustainability initiatives, stakeholder engagement, and long-term value creation.

The BRSR highlights the Company's commitment to integrating sustainable practices into its core business strategy, covering aspects such as ethical governance, environmental stewardship, employee well-being, customer focus, and community development. It also includes key disclosures, metrics, and qualitative information to enable stakeholders to assess the Company's sustainability performance and its alignment with the principles of responsible business.

For ease of access and greater transparency, the complete BRSR is hosted on the Company's website and can be viewed at www.fusionfin.com Stakeholders are encouraged to review the Report to gain a deeper understanding of the Company's sustainability framework and ongoing initiatives.

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

In compliance with the Companies Act, 2013, and SEBI LODR Regulations, the Company has a structured assessment process for evaluation of performance of the Board, its committees and individual performance of each Director including the Chairperson. The evaluations are carried out in a confidential manner and the Directors provide their

feedback by categorising them in Good, Average, and Below Average categories, and after evaluation, the same is compiled by Nomination & Remuneration Committee (NRC) Chairperson. Further, the Company has also appointed an independent third party for carrying out the evaluation process in fair manner.

The Independent Directors at their separate meeting held on March 20, 2026, reviewed the performance of Non-Independent Directors and the Board as a whole, after taking into account the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The overall performance evaluation exercise was completed to the satisfaction of the Board. The outcome of the evaluation was presented by the Chairperson of NRC to the Board of Directors of the Company.

37. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Vigil Mechanism system has been established with a view to provide a tool for directors and employees of the Company to report genuine concerns including unethical behavior, actual or suspected fraud, to the management. The Policy ensures adequate safeguards to protect directors and employees from any form of retaliation or victimization for raising such concerns.

The Company has formulated a Whistle-Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI LODR Regulations, in order to encourage Directors and Employees of the Company to escalate any issue or concerns impacting and compromising with the interest of the Company and its stakeholders in any way to the level of the Audit Committee. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blower in good faith. The Company has not received any complaints under the said policy during the year.

The said Policy is available on the Company's website at www.fusionfin.com

38. AUDIT COMMITTEE

The Company has an Audit Committee constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, RBI Guidelines and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition



of the Audit Committee and the details of meetings attended by the Committee members are provided in Corporate Governance Report attached as **ANNEXURE - 1**

39. CODE OF CONDUCT FOR INSIDER TRADING

The Company has duly formulated and adopted the Code of Conduct for Prohibition of Insider Trading in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of this Code is to prescribe the procedure for trading in securities of the Company and the disclosures to be made by the designated persons covered under the Insider Trading Policy with respect to their shareholding in the Company, both direct and indirect. The Code of Conduct for Prohibition of Insider Trading is available on the website of the Company at www.fusionfin.com

40. RBI OMBUDSMAN

The Company has established a dedicated grievance redressal mechanism for addressing concerns and complaints raised by customers. Further, in accordance with the Reserve Bank of India (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026, the Company has appointed an Internal Ombudsman ("IO"), who functions as an independent review authority within the internal grievance redress mechanism of the Company. The Company has also implemented a Complaint Management System for escalation, review and monitoring of complaints, in line with the aforesaid Directions.

In this regard, the company has appointed a senior official as the Principal Nodal Officer who is responsible for representing the company and furnishes information on behalf of the company in respect of complaints filed against the Company.

Further, the Company has put in place a system of periodic reporting and submission of information to the Reserve Bank of India, including quarterly reporting relating to the functioning of the Internal Ombudsman mechanism, in accordance with the applicable RBI guidelines and directions.

The salient features of the Scheme along with the copy of the Scheme and the contact details of the Principal Nodal Officer is displayed and updated on the website of the Company.

41. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiary/joint venture/associate company and hence consolidation and the provisions relating to the same under the Companies Act, 2013 and rules made thereunder are not applicable to

the Company. However, the Company has adopted a policy on determining material subsidiary, the same is available on the website of the Company at www.fusionfin.com

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

During the Financial Year 2025-26, there are no such orders passed by the regulators/courts/tribunals impacting the going concern status and the Company's operations in future.

43. INTERNAL FINANCIAL CONTROLS

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audits as per RBI guidelines on Risk Based Internal Audit, risk management framework and whistle blower mechanism. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. During the year, controls were tested and no reportable material weakness in design and effectiveness was observed.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors at regular intervals. Also, the Audit Committee at frequent intervals has independent sessions to discuss the adequacy and effectiveness of internal financial controls.

44. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE AND MATERNITY BENEFIT ACT, 1961

As per requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal)

Act, 2013, the 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 programs against sexual harassment are conducted across the organization.

Further, the Company has an Internal Complaint Committee in place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to address the sexual harassment cases. The Annual Report of ICC Committee for the period commencing from January 01, 2025, till December 31, 2025, was submitted to the office of District Collector, Gurugram on February 27, 2026. The details pertaining to complaints received on matters pertaining to sexual harassment during calendar year 2025, are as below:

- (a) number of complaints of sexual harassment received in the year: 0
- (b) number of complaints disposed off during the year: 0
- (b) number of complaints pending for more than ninety days: NA

Further, the Company has complied with the provisions relating to the Maternity Benefit Act, 1961.

45. CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders and the community at large. Sound governance practices and responsible corporate behavior contribute to superior long-term performance of organisations. Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards.

The Company's corporate governance framework ensures that it is aligned to good corporate governance philosophy and that timely disclosures are made and accurate information regarding the financials and performance is shared, as well as the leadership and governance of the Company. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders.

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

46. MANAGERIAL REMUNERATION

In terms of the provisions of Section 197(12) of the Act 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 - 5** which forms part of this report.

47. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act the Directors of the Company hereby state and confirm that:

- a. In the preparation of the annual financial statements for the year ended March 31, 2026, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2026 and of the profits of the Company for financial year ended on that date;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going concern basis;
- e. The directors had laid down internal financial controls to be followed by the company, and that such internal financial controls are adequate and were operating effectively.
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

48. DISCLOSURE IN ACCORDANCE WITH REGULATION 30A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

No such agreements as specified under clause 5A to para A of part A of schedule II, are required to be



disclosed in accordance with Regulation 30A of SEBI LODR Regulations, in the Financial Year 2025-26.

49. MAINTENANCE OF COST RECORDS

The provisions of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 relating to Cost Audit and maintaining cost audit records are not applicable to the Company.

50. SECRETARIAL STANDARDS

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

51. INSOLVENCY PROCEEDINGS

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

52. ONE-TIME SETTLEMENTS

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

53. EQUITY SHARES IN THE DEMAT SUSPENSE ACCOUNT

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI LODR Regulations, the Company reports that as on March 31, 2026, the Company have 1,758 partly-paid up equity shares lying in the demat suspense account which were issued in dematerialized form pursuant to the rights issue of the Company.

54. SUSPENSION OF TRADING

The securities of the Company have not been suspended from trading during the period under review.

55. CAUTIONARY STATEMENT

Statements in the Board’s Report and the Management Discussion & Analysis describing the Company’s objectives, expectations or forecasts may be forward looking within the meaning of applicable Laws and Regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company’s operations include global and domestic demand and supply conditions, changes in Government Regulations, Tax Laws, Economic Developments within the country and other factors such as litigation and industrial relations.

56. ACKNOWLEDGEMENTS

The directors take this opportunity to express their 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 directors also place on record their sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company and thank them for their hardwork. Their dedication and competence have ensured that the Company continues to be a significant player in the Micro finance industry.

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

Place: Gurugram
Dated: 15.05.2026

Sd/-	Sd/-
Sanjay Garyali	Namrata Kaul
(Managing Director & Chief Executive Director)	(Independent Director)
DIN: 11046442	DIN: 00994532

ANNEXURE - 1

CORPORATE GOVERNANCE REPORT

COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE

Effective corporate governance practices form the cornerstone of resilient and sustainable business enterprises. At Fusion Finance, we firmly believe that strong governance standards are integral not only to long-term value creation but also to rebuilding strength and confidence in the Company’s renewed growth journey. Following the challenges and stress experienced in the previous year, the Company has remained steadfast in its commitment to transparency, accountability, ethical conduct, and prudent risk management as key drivers of renewed growth and stability.

The Company’s philosophy on corporate governance is deeply embedded in its strategic and operational framework, guiding business decisions with integrity, responsibility and fairness. Through this governance-driven approach, Fusion continues to strengthen stakeholder trust while navigating its growth trajectory with resilience and discipline.

Our governance framework is designed to safeguard the interests of all stakeholders, including regulators, employees, customers, vendors, investors, and the communities we serve. By fostering a culture of compliance, inclusivity, and responsible business practices, the Company aims to build a sustainable institution that is well-positioned to deliver enduring value.

This report presents the Company’s compliance with the applicable provisions of the Companies Act, 2013, as amended (“the Act”), relevant SEBI Regulations, RBI Directions, and regulations issued by IRDAI from time to time. The Company remains committed to maintaining the highest standards of corporate governance and regulatory compliance across all aspects of its operations.

Further strengthening its governance framework, the Company has implemented and adhered to robust policies and codes, including the Code of Conduct for Prevention of Insider Trading, the Code of Conduct for the Board of Directors and Senior Management, and various other governance policies adopted by the Company.

These frameworks reinforce the Company’s commitment to ethical business practices, transparency, accountability, and responsible decision-making, thereby fostering trust among all stakeholders.

A detailed report on the Company’s commitment at adopting good Corporate Governance Practices is as follows:

BOARD OF DIRECTORS

As of March 31, 2026, the Board of Directors comprises of 8 (Eight) Directors, including 1 (one) Executive Director, (Managing Director & Chief Executive Officer), 5 (Five) Non-Executive & Independent Directors, 2 (Two) Non-Executive, Non-Independent Directors. The composition of the Board of Directors represents optimum mix of Executive and Non-Executive Directors in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) with unwavering professionalism, qualification, knowledge, skill sets, track record, integrity, expertise and diversity of experience as required in the micro-finance industry.

The Corporate Governance framework of the Company is built on the foundation of an effective Board Composition, separation of the Board’s supervisory role from the executive management team, and constitution of specialized Board Committees for various functions including those mandated by law. We believe that a proactive and well-informed Board is essential to uphold the highest standards of Corporate Governance.

In accordance with the provisions of Schedule V of the SEBI LODR Regulations, M/s. Navneet K Arora & Co. LLP, Company Secretaries, has issued a certificate confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI/ Ministry of Corporate Affairs/ RBI or any other statutory authority. A copy of the said certificate is enclosed to this Report as **Annexure-1(A)**.

Attendance of Directors at the Last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/ Memberships of Committees, Directorship in other Listed entities:

The Board composition as on March 31, 2026 is as follow:

Name of Director and Director Identification Number	Category of Directors	Designation	Atten-dance at the last AGM held on July 22, 2025	No. of other Companies in which he/she is Director*	**No. of Audit/ Stakeholders Relationship committees in which Director is		Particulars of other Equity Listed Entity/ Directorship
					Member	Chairman /Chairperson	
Mr. Sanjay Garyali ^{*1} DIN: 11046442	Executive	Managing Director & Chief Executive Officer	Yes	-	1	-	Nil
Ms. Ratna Dharashree Vishwanathan ^{*2} DIN: 07278291	Non-Executive	Independent Director	Yes	3	2	3	1. Moneyboxx Finance Limited 2. Dilip Buildcon Limited 3. Sir Shadi Lal Enterprises Limited
Ms. Namrata Kaul DIN: 00994532	Non-Executive	Independent Director	Yes	3	3	3	1. Havells India Limited 2. JSW Dulux Limited (formerly Akzo Nobel India Limited)
Mr. Puneet Gupta DIN: 02728604	Non-Executive	Independent Director	Yes	-	2	-	Nil
Mr. Rajeev Sardana ^{*3} DIN: 06648276	Non-Executive	Independent Director	NA	1	1	-	1. Poonawalla Fincorp Limited
Mr. Hemant Omprakash Mundra ^{*4} DIN: 08192978	Non-Executive	Director, representative of Honey Rose Investment Limited (Warburg Pincus)	NA	3	5	-	Nil
Mr. Brahmanand Hegde ^{*5} DIN: 02984527	Non-Executive	Independent Director	NA	-	-	-	Nil
Ms. Remika Agarwal ^{*6} DIN: 09438221	Non-Executive	Director, representative of Creation Investments Fusion, LLC and Creation Investments Fusion II, LLC	NA	-	-	-	Nil

*Excluding Directorship in Fusion Finance Limited, Private Limited Companies, Foreign Companies and Section 8 Companies.

^{*1}Mr. Sanjay Garyali was appointed as Director & designated as Whole-Time Director w.e.f August 18, 2025. Further, Mr. Garyali appointed as Managing Director of the Company w.e.f. September 30, 2025.

^{*2} The tenure of Ms. Ratna Dharashree Vishwanathan would be completed on May 23, 2026.

^{*3} Mr. Rajeev Sardana was appointed as Non-Executive Independent Director of the Company w.e.f. August 18, 2025.

^{*4} Mr. Hemant Omprakash Mundra appointed as Non-Executive Director of the Company w.e.f. September 04, 2025.

^{*5} Mr. Brahmanand Hegde was appointed as Non-Executive Independent Director of the Company w.e.f. February 6, 2026.

^{*6} Ms. Remika Agarwal was appointed as Non-Executive Director of the Company w.e.f. March 31, 2026.

****The membership/chairmanship of Audit Committee & Stakeholders Relationship Committee in all public limited companies, whether listed or not, including Fusion Finance Limited, but excluding any Private Limited Companies, Foreign Companies, high value debt listed entities, and Section 8 Companies.**

FIT AND PROPER CRITERIA

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time of their appointment/re-appointment and on a continuous basis as prescribed under the RBI (Non- Banking Financial Companies- Governance) Directions, 2025.

INTER-SE RELATIONSHIP AMONG DIRECTORS AND NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

There are no inter-se relationships among the members of the Board of Directors of the Company and none of the Non-Executive Directors holds any equity shares or convertible instruments of the Company, except Ms. Namrata Kaul (DIN: 00994532) who holds 4,000 equity shares, Mr. Puneet Gupta (DIN: 02728604) holds 6,882

Skill and Expertise	Mr. Sanjay Garyali	Mr. Hemant Omprakash Mundra (appointed w.e.f. September 04, 2025)	Ms. Ratna Dharashree Vishwanathan (would be completing the second and final tenure on May 23, 2026)	Ms. Namrata Kaul	Mr. Rajeev Sardana (appointed w.e.f. August 18, 2025)	Mr. Puneet Gupta	Mr. Brahmanand Hegde (appointed w.e.f. February 06, 2026)	Ms. Remika Agarwal (appointed w.e.f. March 31, 2026)
Banking Operations	✓	✓	✓	✓	✓	✓	✓	✓
Audit & Financial Statements	-	✓	✓	✓	✓	✓	✓	✓
Financing	✓	✓	✓	✓	✓	✓	✓	✓
Investment	-	✓	-	✓	✓	✓	-	✓
Risk Management	-	✓	✓	✓	✓	✓	✓	✓
Entrepreneurship	-	✓	-	-	-	✓	✓	✓
Micro-Finance	-	✓	✓	✓	-	-	✓	✓
Management	✓	✓	✓	✓	✓	✓	✓	✓
Information Technology	-	✓	✓	✓	-	✓	✓	-
Human Resource Development	-	✓	✓	-	✓	-	✓	-

DECLARATION BY INDEPENDENT DIRECTORS

During the year under review, all Independent Directors have submitted declaration confirming that they meet the criteria of independence as laid down under Companies Act, 2013 & the SEBI LODR Regulations. These declarations were duly assessed and taken on record by the Board.

In the opinion of the Board, all the Independent Directors fulfilll the specified requirements and remain independent of the management.

DIRECTORS AND OFFICERS LIABILITY INSURANCE ('D&O POLICY')

The Company has in place a D&O policy which is renewed every year. The management is of the opinion that the quantum and risk covered by the policy is adequate.

equity shares and Mr. Brahmanand Hegde (DIN: 02984527) holds 2,208 equity shares as on March 31, 2026.

KEY QUALIFICATION, EXPERTISE / SKILL / COMPETENCE AND ATTRIBUTES OF BOARD

The Company's Board comprises the optimum composition of the Executive, Non-Executive and Independent Directors, who are distinguished professionals with expertise in diverse domains such as business, MFI, NBFC, banking, investment, finance, law, marketing and other key functional areas. Their collective experience and insights play a vital role in strengthening Board deliberations and ensuring balanced decision-making. The specific skills, expertise, and competencies identified by the Board as essential in the context of the Company's business are outlined below:

BOARD & ITS COMMITTEE MEETINGS

The Board of Directors is the apex body constituted by the shareholders for overseeing the Company's overall functioning. The Board provides & evaluates the Company's strategic direction, management policies & 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 the meetings in an informed and efficient manner.

During the Financial Year 2025-26, the Board met 14 (Fourteen) times i.e. on May 14, 2025, May 23, 2025, June 10, 2025, June 21, 2025, August 08, 2025, August 17, 2025, September 04, 2025, September 30, 2025, November 04, 2025, January 17, 2026, February 06, 2026, February 27, 2026, March 20, 2026 and March 31, 2026. The intervening gap between the two board meetings were in compliance of the provisions of the Act.

The attendance of Directors at the meeting of the Board, is as follows:

Name of the Director	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Ms. Namrata Kaul	Independent Director	14	13
Mr. Puneet Gupta	Independent Director	14	14
Mr. Rajeev Sardana ¹	Independent Director	8	8
Mr. Sanjay Garyali ²	Managing Director & Chief Executive Officer	8	8
Mr. Hemant Omprakash Mundra ³	Non-Executive Director	8	8
Mr. Brahmanand Hegde ⁴	Independent Director	4	4
Ms. Remika Agarwal ⁵	Non-Executive Director	1	1
Mr. Narendra Ostawal ⁶	Nominee Director (resigned)	7	7
Mr. Devesh Sachdev ⁷	Director (resigned)	8	8
Mr. Kenneth Dan Vander Weele ⁸	Nominee Director (resigned)	14	10
Ms. Ratna Dharashree Vishwanathan ⁹	Independent Director	14	13

¹Mr. Rajeev Sardana appointed as non-executive independent director of the Company w.e.f. August 18, 2025.

²Mr. Sanjay Garyali appointed as Whole Time Director of the Company w.e.f. August 18, 2025 and Managing Director w.e.f. September 30, 2025.

³Mr. Hemant Omprakash Mundra appointed as non-executive director of the Company w.e.f. September 04, 2025.

⁴Mr. Brahmanand Hegde appointed as non-executive independent director of the Company w.e.f. February 06, 2026.

⁵Ms. Remika Agarwal appointed as non-executive director of the Company w.e.f. March 31, 2026.

⁶Mr. Narendra Ostawal resigned from the directorship of the Company w.e.f. September 04, 2025.

⁷Mr. Devesh Sachdev resigned from the position of Managing Director of the Company w.e.f September 30, 2025 and from the directorship of the Company w.e.f. November 04, 2025.

⁸Mr. Kenneth Dan Vander Weele resigned from the directorship of the Company w.e.f. March 31, 2026.

⁹Ms. Ratna Dharashree Vishwanathan would complete her second and final tenure on May 23, 2026.

DETAILED REASONS FOR RESIGNATION AND APPOINTMENT OF INDEPENDENT DIRECTORS

During the year under review, no Independent Director has resigned from the directorship of the Company. However, Mr. Rajeev Sardana and Mr. Brahmanand Hegde were appointed as Additional Non-Executive Independent Directors of the Company w.e.f. August 18, 2025, and February 06, 2026, respectively.

Further, the appointment of Mr. Rajeev Sardana and Mr. Brahmanand Hegde was regularized vide the approval of the shareholders through postal ballot dated October 19, 2025, and May 02, 2026, respectively.

Further, post closure of financial year, the second and final term of Ms. Ratna Dharashree Vishwanathan would be completed on May 23, 2026.

FAMILIARIZATION PROGRAMME

With a view to familiarize the Independent Directors with the Company, its business and internal processes as required under Companies Act, 2013 and the SEBI LODR Regulations, the Company has held familiarization

programme for the Independent Directors during the year.

The details of familiarization program are available on the Company's website and can be accessed at <https://fusionfin.com/familiarization-programme-for-independent-directors/>

COMMITTEES OF BOARD

The Company, as on March 31, 2026 had 8 (eight) Board Level Committees: Audit Committee, Nomination and Remuneration Committee, Board Risk Management Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee, CSR & ESG Committee, Customer Service Committee and Rights Issue Committee.

Further, the Company has constituted several management-level committees in accordance with applicable NBFC guidelines and to support its operational requirements. These include, among others, the Information Security Committee, IT Steering Committee, Asset Liability Management Committee, Special

Committee on Fraud Monitoring, Pricing Committee, Working Committee, and Debenture Committee.

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its terms of reference which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval. During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

The Company Secretary acts as a Secretary to all the Committees. Detailed terms of reference, composition, meetings and other information of the following Committees of the Board are detailed below:

1. AUDIT COMMITTEE

The Audit Committee oversees the financial reporting process and reviews, the financial statements to

ensure that the same are correct, credible and also meet the statutory provisions of the NBFC Regulations, Companies Act, 2013, and SEBI LODR Regulations. The Audit Committee also reviews reports of the Statutory Auditors, the Internal Auditors, Secretarial Auditors and adequacy of the internal control system.

The Composition of the Audit Committee is in terms of SEBI LODR Regulations and Companies Act, 2013, wherein,two-thirds of the members of audit committee are Independent Directors and all the members of the Audit Committee are financially literate and have accounting and financial management expertise.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the Company, act as Secretary of the Committee.

Composition and Attendance

During the financial year ended March 31, 2026, the Committee met 8 times, i.e. on May 23, 2025, June 10, 2025, June 21, 2025, August 08, 2025, September 30, 2025, November 04, 2025, January 17, 2026 and February 06, 2026.

The composition & attendance are as follows -

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	8	8
Mr. Puneet Gupta (Member)	Independent Director	8	8
Mr. Hemant Omprakash Mundra ² (Member)	Non-Executive Director	4	4
Mr. Rajeev Sardana ² (Member)	Independent Director	4	4
Ms. Ratna Dharashree Vishwanathan ¹	Independent Director	6	5
Mr. Narendra Ostawal ²	Nominee Director - resigned	4	4

¹Ms. Ratna Dharashree Vishwanathan was appointed as member of the committee w.e.f. June 10, 2025. Further, Ms. Ratna Dharashree Vishwanathan would complete her second and final tenure on May 23, 2026.

²Mr. Narendra Ostawal resigned from the membership of the Committee. Mr. Hemant Omprakash Mundra and Mr. Rajeev Sardana were appointed as member of the committee w.e.f September 04, 2025.

Terms of Reference

The Terms of reference of the Audit Committee is given hereunder:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. reviewing, with the management, the annual financial statements and auditor's report thereon before



- submission to the board for approval, with particular reference to:
- (a) matters required to be included in the Director’s responsibility statement to be included in the board’s report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the Company with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. carrying out any other function as is mentioned in the terms of reference of the audit committee in terms of the applicable laws; and
21. reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary (if applicable) exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
23. Statement of significant related party transaction (as defined by Audit Committee), submitted by management.
24. carrying out any other function as mentioned in the terms of reference of the Audit Committee in term of the applicable laws.
- Further, the Audit Committee shall mandatorily review the following information:
- 1. management discussion and analysis of financial condition and results of operations;
 - 2. management letters / letters of internal control weaknesses issued by the statutory auditors;

3. internal audit reports relating to internal control weaknesses; and
4. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
5. statement of deviations:
- (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); of SEBI LODR Regulations and
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of SEBI LODR Regulations.

The powers of the Audit Committee include the following:

- 1. to investigate any activity within its terms of reference;
- 2. to seek information from any employee of the Company;
- 3. to obtain outside legal or other professional advice; and
- 4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

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

In addition to the above the Audit Committee also put

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson)***	Independent Director	4	3
Mr. Puneet Gupta (Member)	Independent Director	4	4
Mr. Sanjay Garyali (Member)**	Managing Director & Chief Executive Officer	2	2
Mr. Devesh Sachdev*	Managing Director (resigned)	3	3

* Mr. Devesh Sachdev resigned from the position of Managing Director w.e.f. September 30, 2025 and from the directorship of the Company w.e.f. November 4, 2025, and consequently ceased from the membership of the Committee w.e.f. November 4, 2025.

**Mr. Sanjay Garyali was appointed as member of the Committee w.e.f. September 4, 2025.

***Ms. Ratna Dharashree Vishwanathan would complete her second and final tenure on May 23, 2026.

Terms of Reference

The term of reference of the CSR & ESG Committee is given hereunder:

- 1. To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013

various suggestions to the Board on review of policy and how to further strengthen the process in future.

2. CSR & ESG COMMITTEE

The CSR & ESG Committee has been constituted by the Board, *inter alia*, to oversee the Corporate Social Responsibility (CSR) initiatives and Environmental, Social, and Governance (ESG) strategies. The Committee ensures that the company complies with the regulatory requirements while managing our CSR policy and monitoring the use of allocated funds in accordance with the Companies Act, 2013. The Committee also focuses on effective implementation and monitoring of our ESG initiatives. The Committee has been constituted in accordance with Section 135 of the Act.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the company, act as Secretary of the Committee.

During the year under review, the name of the Corporate Social Responsibility Committee was changed to “CSR & ESG Committee” for broadening its responsibilities to include identifying and monitoring material ESG risks and opportunities and developing strategic ESG action plans and key performance indicators.

Composition and Attendance

During the financial year ended March 31, 2026, the Committee met 4 times, i.e. on May 22, 2025, August 07, 2025, November 03, 2025 and February 05, 2026.

and make any revisions therein as and when decided by the Board;

- 2. To review and recommend the amount of expenditure to be incurred on the activities referred to in (a);
- 3. To monitor the Corporate Social Responsibility Policy of the Company and its implementation from time to time;



4. To do such other acts, deeds and things as may be required to comply with the applicable laws;
5. To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI LODR Regulations or statutorily prescribed under any other law or by any other regulatory authority;
6. Monitor, evaluate, and manage the impacts of existing and emerging environmental and social (E&S) risks on the loan portfolio by implementing a robust Environmental & Social Management System (ESMS) framework and associated policies, such as corporate social responsibility (CSR), supplier code of conduct, responsible procurement, and business continuity;
7. Establish comprehensive workplace policies aimed at cultivating a positive and inclusive organizational culture, with a focus on employee conduct, protection of human rights, equal opportunity, gender diversity, employee well-being, safety, performance management, and equitable compensation;
8. Strengthening governance frameworks by formulating and implementing robust policies that uphold business ethics, foster accountability, and ensure operational transparency across all levels of the organization;
9. Identify material topics to the business operations via stakeholder engagement and mitigate the risks effectively based on the key material topics;
10. Strengthen ESG-related disclosures to effectively communicate the Company's commitment to sustainability and responsible business practices. The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan (Chairperson) [#]	Independent Director	14	13
Ms. Namrata Kaul (Member)	Independent Director	14	14
Mr. Hemant Omprakash Mundra (Member) ²	Non-Executive Director	7	7
Mr. Puneet Gupta (Member) ¹	Independent Director	12	12
Mr. Narendra Ostawal ²	Non-Executive Director - resigned	7	7

[#]Ms. Ratna Dharashree Vishwanathan would complete her second and final tenure on May 23, 2026.
¹ Mr. Puneet Gupta, was appointed as a member w.e.f. June 10, 2025.
²Mr. Narendra Ostawal resigned from the directorship and Mr. Hemant Omprakash Mundra inducted as member w.e.f. September 04, 2025.

Terms of Reference

The Terms of reference of the Nomination and Remuneration Committee is given hereunder:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and

ESG framework shall be reviewed and updated on an annual basis by the CSR & ESG Committee of the Board to ensure alignment with evolving global ESG standards and best practices.

3. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (“NRC”) plays a key role in shaping company’s leadership and culture. It is responsible for advising to the Board for ensuring Board diversity, and selecting Directors, Key Managerial Personnels and Senior Managerial Personnels. The NRC also advises on the remuneration policy, ensuring it meets regulatory requirements. In addition, it reviews the skills, performance, and independence of the directors and conducts an annual evaluation of the Board’s effectiveness.

The NRC has been constituted in terms of the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations. The composition of the Committee is in adherence to the provisions of the Act, SEBI LODR Regulations and the RBI Directions.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the company, act as Secretary of the Committee.

Composition and Attendance:

During the financial year ended March 31, 2026, the Committee met 14 times, i.e. on, May 23, 2025, June 10, 2025, June 12, 2025, June 21, 2025, August 08, 2025, August 17, 2025, September 04, 2025, September 30, 2025, November 04, 2025, January 17, 2026, February 06, 2026, February 27, 2026, March 20, 2026 and March 31, 2026.

recommend to the Board of Directors a policy, relating to the remuneration of the Directors, key managerial personnel and other employees. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run our Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
2. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description.
- For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
- a. use the services of an external agency, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.
3. Formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
4. Devising a policy on diversity of Board of Directors;
5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

Specify the manner for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

6. Extending or continuing the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
7. Recommending to the board, all remuneration, in whatever form, payable to senior management;

8. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;
9. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, including the following:
 - Formulating detailed terms and conditions of the plan in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 in term of which includes the provision as specified by the Board in this regard; and
 - Administration and superintendence of the aforesaid plan.
10. The NRC may work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks. Further, the NRC may ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP) and ensure ‘fit and proper’ status of proposed and existing directors and that there is no conflict of interest in appointment of directors, KMP and senior management.
11. Carrying out any other function as is mandated by the Board from time to time and / or enforced/ mandated by any statutory notification, amendment or modification, as may be applicable;
12. carrying out any other function as is mentioned in the terms of reference of the Nomination and Remuneration Committee in term of the applicable laws;
13. Performing such other functions as may be necessary or appropriate for the performance of its duties;
14. To ensure ‘fit and proper’ status of proposed/ existing Directors.

Performance Evaluation by the Board

The performance evaluation criteria for the Board, its Committees & the Directors of the Company is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation of Independent Directors is carried out includes participation by a Director in the board meetings, effective deployment of knowledge and experience in implementation of Company’s strategy, contribution with precise and value added inputs in Board Meetings to help decision making, integrity and maintenance of confidentiality and independence of judgement.



The Directors carry out the aforesaid Performance Evaluation in a confidential manner and provide their feedback on the basis of good, average, below average categories. Duly completed formats were sent to Independent Agency, who prepared a detailed report on performance evaluation of the Board, its committees & individual directors and submitted its report to the Chairperson of the Nomination & Remuneration Committee (“NRC”). The NRC Chairperson briefed the evaluation report to the Board of Directors.

As part of the evaluation process, the performance evaluation of Board as a whole for the FY 2025-26 was done by the Directors of the Board. The performance evaluation of the Executive 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.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Mr. Sanjay Garyali (Chairman)*6	Managing Director & Chief Executive Officer	3	3
Mr. Sanjay Chaudhary	Chief Risk Officer	2	2
Mr. Anurag Srivastava*4	Chief Credit Officer	2	2
Mr. Krishan Gopal*5	Chief Financial Officer	1	1
Mr. Devesh Sachdev*1	Managing Director (resigned)	2	2
Mr. Gaurav Maheshwari*2	Chief Financial Officer (resigned)	1	1
Mr. Amandeep Singh*3	Interim Chief Financial Officer (resigned)	1	1

*1Resigned and ceased the membership of the Committee w.e.f November 04, 2025.

*2Resigned and ceased the membership of the Committee w.e.f June 25, 2025.

*3Inducted w.e.f. June 25, 2025 & resigned and ceased the membership of the Committee w.e.f. January 17, 2026.

*4Inducted w.e.f. November 04, 2025.

*5Inducted w.e.f. January 17, 2026

*6 Mr. Sanjay Garyali was appointed as Chairman of the Committee w.e.f November 04, 2025.

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.

4. ASSET LIABILITY MANAGEMENT COMMITTEE

Asset Liability Management Committee (“ALM”) plays a critical role in safeguarding the financial stability and soundness of the company. The Committee oversees funding and capital planning, ensuring alignment with the company’s strategic goals.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the company, act as Secretary of the Committee.

Composition and Attendance

The Company has an effective Asset Liability Management Committee formed in accordance with the directions framed by RBI. During the financial year ended March 31, 2026, the Committee met 4 times, i.e. on May 23, 2025, August 08, 2025, November 05, 2025 and March 19, 2026.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the company, act as Secretary of the Committee.

Composition and Attendance

During the financial year ended March 31, 2026, the Committee met 5 times, i.e. on May 23, 2025, August 08, 2025, November 04, 2025, February 06, 2026 and February 27, 2026.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Ms. Namrata Kaul (Chairperson)	Independent Director	5	5
Mr. Devesh Sachdev ¹	Managing Director (resigned)	2	2
Mr. Narendra Ostawal ³	Nominee Director (resigned)	2	2
Mr. Sanjay Choudhary (Member)	Chief Risk Officer	5	4
Mr. Puneet Gupta (Member)	Independent Director	5	5
Mr. Sanjay Garyali (Member) ²	Managing Director & Chief Executive Officer	3	3
Mr. Hemant Omprakash Mundra (Member) ³	Non-Executive Director	3	3
Mr. Rajeev Sardana (Member) ²	Independent Director	3	3

¹ Mr. Devesh Sachdev resigned and ceased the membership w.e.f November 04, 2025.

² Mr. Sanjay Garyali and Mr. Rajeev Sardana were appointed as the member w.e.f September 04, 2025.

³ Mr. Hemant Omprakash Mundra was appointed as the member and Mr. Narendra Ostawal resigned and ceased the membership w.e.f. September 4, 2025.

Terms of Reference

The terms of reference of the BRMC is given hereunder:

- To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken
- To appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Board Risk Management Committee;
- To coordinate its activities with other committees, in

instances where there is any overlap with activities of such committees, as per the framework laid down;

- The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- Carry out any other function as is mentioned in the terms of reference of the Board Risk Management Committee in term of the applicable laws;

6. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Information Technology (“IT”) Strategy Committee ensures that the Company’s IT planning aligns with the business strategy. It oversees the implementation of IT processes and practices to ensure maximum value for the business. The Committee approves IT strategy and policy documents, manages business continuity and data governance, and conducts periodic comprehensive risk assessments of the IT systems. It also carries out the review and amend the IT strategies in line with corporate strategies, cyber security arrangements and any other matter related to IT Governance. The Committee has been constituted in accordance with the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the company, act as Secretary of the Committee.



During the financial year ended March 31, 2026, the Committee met 4 times, i.e. on May 22, 2025, August 07, 2025, November 03, 2025 and February 05, 2026.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Mr. Puneet Gupta (Chairman)	Independent Director	4	4
Ms. Namrata Kaul (Member)	Independent Director	4	4
Mr. Devesh Sachdev*	Managing Director - resigned	3	3
Mr. Sanjay Mahajan*	Chief Information Officer- resigned	4	3
Mr. Sanjay Garyali* (Member)	Managing Director & Chief Executive Officer	2	2
Mr. Sushil Menon* (Member)	Chief Information Officer & Interim Chief Information Security Officer	0	0

* Mr. Devesh Sachdev resigned and ceased the membership w.e.f September 04, 2025.

* Mr. Sanjay Garyali was appointed as the member of the committee w.e.f September 04, 2025.

* Mr. Sanjay Mahajan resigned and ceased the membership w.e.f March 20, 2026.

* Mr. Sushil Menon was appointed as the member of the committee w.e.f March 20, 2026.

Terms of reference

The terms of reference of the Committee is hereunder:-

1. Ensure that the Company has put an effective IT strategic planning process in place;
2. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
3. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
4. Ensure that the Company has put in place the processes for assessing and managing IT and cybersecurity risks;
5. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and

6. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.
7. To perform such other activities as may be delegated by the Board or specified/provided under the RBI's IT master direction.

7. STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee ("SRC") has been constituted to look into the various aspects of interest of shareholders, and other security holders, in terms of the provisions of Section 178 of the Act and Regulation 20 read with Part D of the Schedule II of SEBI LODR Regulations.

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the company, act as Secretary of the Committee.

Composition and Attendance

During the financial year ended March 31, 2026, the Committee met 4 times, i.e. on May 22, 2025, August 07, 2025, November 03, 2025 and February 05, 2026.

The composition & attendance are as follows –

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Ms. Ratna Dharashree Vishwanathan# (Chairperson)	Independent Director	4	3
Ms. Namrata Kaul (Member)	Independent Director	4	4
Mr. Puneet Gupta*** (Member)	Independent Director	3	3
Mr. Sanjay Garyali** (Member)	Managing Director & CEO	2	2
Mr. Devesh Sachdev*	Managing Director (resigned)	3	3

Ms. Ratna Dharashree Vishwanathan would complete her second and final tenure on May 23, 2026.

*Mr. Devesh Sachdev resigned and ceased the membership of the Committee from November 04, 2025.

**Mr. Sanjay Garyali appointed as a member of the Committee w.e.f. September 04, 2025.

***Mr. Puneet Gupta, was appointed as a member w.e.f. June 10, 2025.

The status of shareholders' complaints during Financial Year 2025-26, is mentioned below:

Complaints received during the year (in Nos.)	Complaints resolved during the year (in Nos.)	Complaints pending at the end of the year (in Nos.)
23	23	Nil

Further, all the complaints received during the Financial Year 2025-26 were resolved to the satisfaction of shareholders, within the applicable timelines.

Terms of reference

The terms of reference of the Committee is hereunder :

1. Considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
2. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc;
3. Review of measures taken for effective exercise of voting rights by shareholders;
4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and

5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
6. Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants.
7. Carrying out any other function as is mentioned in the terms of reference of the Stakeholders Relationship Committee in term of the applicable laws.

8. CUSTOMER SERVICE COMMITTEE

During the year under review, the Board of Directors of the Company constituted Customer Service Committee with a view to strengthen the governance process related to quality of customer service provided to our clients.

The Committee consist of the following members:

Sr. No.	Name	Designation
1.	Mr. Rajeev Sardana, Independent Director	Chairperson
2.	Mr. Hemant Omprakash Mundra, Non-Executive Director	Member
3.	Mr. Sanjay Garyali, Managing Director & Chief Executive Officer	Member
4.	Mr. Pavan Maheshwari, Internal Ombudsman	Member
5.	Ms. Renu Joshi, Principal Nodal Officer	Member

Mr. Vikrant Sadana, Company Secretary & Compliance Officer of the Company, act as Secretary of the Committee.

Composition and Attendance

During the year under review the Customer Service Committee met one time i.e. on February 6, 2026.

The composition and attendance was as follows:

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Mr. Rajeev Sardana (Chairperson)	Independent Director	1	1
Mr. Hemant Omprakash Mundra (Member)	Non-Executive Director	1	1
Mr. Sanjay Garyali (Member)	Managing Director & Chief Executive Officer	1	1
Mr. Pavan Maheshwari (Member)	Internal Ombudsman	1	1
Ms. Renu Joshi (Member)	Principal Nodal Officer	1	1

The terms of Reference of the Customer Service Committee are as follows:

- (i). Review of trend of customer complaints & Root cause analysis of the top 5 complaints & preventive measures;
- (ii). Review Initiatives for improving customer service;
- (iii). Results of customer satisfaction survey;
- (iv). Examine any issues having a bearing on the quality of customer service rendered;

- (v). Decisions of complaint resolution overruled by the IO;
- (vi). Decision of the Internal Ombudsman rejected by the regulated entity;
- (vii). Ensure service level benchmarks (e.g., turnaround time for grievances, resolution rates, client satisfaction levels) are met;
- (viii). Monitor implementation of Fair Practices Code;
- (ix). Review findings from audits or supervisory inspections relating to customer service;



- (x). Compliance of the organization to regulatory guidelines which have a bearing on customer service; and
- (xi). Such other Roles & Responsibilities as may be authorized by the Board from time to time.

9. RIGHTS ISSUE COMMITTEE

The Company had constituted a Rights Issue Committee to undertake and complete various legal, statutory and procedural formalities in connection with the rights issue. These included, *inter alia*, the appointment of various intermediaries; filing of the draft letter of offer (the “DLOF”) with the Securities and Exchange Board of India (“SEBI”), the stock exchanges

where the equity shares of the Company (“Equity Shares”) are listed (the “Stock Exchanges”), and/or such other statutory or regulatory authorities, as may be required; and filing of the letter of offer (the “LOF”) with SEBI, the Stock Exchanges and the Registrar of Companies, National Capital Territory of Delhi (the “ROC”), or any other statutory or relevant authorities, along with all matters incidental thereto.

Composition and Attendance

During the year under review, the Rights Issue Committee met 2 times i.e., on May 2, 2025 and December 23, 2025.

The composition and attendance was as follows:

Name of the Member and Designation	Category	Number of meetings during the financial year ended March 31, 2026	
		Held during tenure	Attended
Mr. Sanjay Garyali (Chairperson)**	Managing Director & Chief Executive Officer	1	1
Mr. Hemant Omprakash Mundra (Member)*	Non-Executive Director	1	1
Ms. Remika Agarwal# (Member)	Non-Executive Director	0	0
Mr. Kenneth Dan Vander Weele#	Non-Executive Director (resigned)	2	2
Mr. Narendra Ostawal	Non-Executive Director (resigned)	1	1
Mr. Devesh Sachdev***	Managing Director (resigned)	1	1

*Mr. Narendra Ostawal resigned and ceased to be member of the Committee w.e.f. September 04, 2025 and Mr. Hemant Omprakash Mundra was inducted as member of the Committee w.e.f. September 04, 2025.

** Mr. Sanjay Garyali was inducted as member of the Committee w.e.f. September 04, 2025 and became Chairperson w.e.f. November 04, 2025.

*** Mr. Devesh Sachdev ceased the membership of the Committee w.e.f. November 04, 2025.

Mr. Kenneth Dan Vander Weele was resigned and ceased the membership of the committee w.e.f. March 31, 2026 and Ms. Remika Agarwal was appointed as Member w.e.f. April 08, 2026.

The Terms of Reference of the Right Issue Committee are as follows:

- (i) finalize the Issue expenses;
- (ii) incur expenses including the statutory payments/ deposits in relation to/connected with the Issue as may be appropriate;
- (iii) decide the Record Date for the purpose of the Issue in order to ascertain the names of the Eligible Equity Shareholders who will be entitled to the Equity Shares to be issued pursuant to the Issue;
- (iv) make applications to the stock exchanges where the Equity Shares of the Company are listed (the “Stock Exchanges”)for in-principle approval and final listing and trading of the Equity Shares and to execute any relevant document with the concerned Stock Exchanges;
- (v) negotiate, finalize, settle and execute the draft letter of offer/letter of offer (including the withdrawal thereof), the issue agreement, registrar agreement, ad agency agreement, bankers to the issue agreement, underwriting agreement (if any), monitoring agency agreement, composite

- (vi) appoint bankers to the issue and open cash escrow, refund and such other account(s) in such style, with them as the Committee may deem fit and empower any officer(s) of the Company to operate such account(s) on its behalf in connection with the Issue;
- (vii) dispatch refund orders, if any;
- (viii) decide the terms of the Issue including the total number of Equity Shares, Issue price, rights entitlement ratio, use of proceeds, terms of the payment of the Issue price, instrument, manner and process of making the offer to eligible equity shareholders and other terms and conditions for the issuance of the Equity Shares, and to suitably vary / amend / modify the size of the Issue or other terms of the Issue, in consultation with the Lead Managers;

- (ix) decide the treatment to be given to the fractional entitlement, if any, including rounding upward or downwards or ignoring such fractional entitlements (subject to applicable law) or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements and application to the Company for the same as well as to decide the disposal of the shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole shares or treating fractional entitlement in the manner as may be approved by the Stock Exchanges;
- (x) to finalise and approve all notices, including any advertisements required to be issued, as may be necessary or allowed by SEBI and such other applicable authorities and to decide on other terms and conditions of the Issue;
- (xi) to increase or decrease the size of the Issue (within the issue size approved by the Board), modify the rights entitlement ratio and terms of the Issue as the Board may deem fit and expedient in the interest of the Company;
- (xii) decide in accordance with Applicable Law, the timing, opening and closing dates, objects and all the other terms and conditions of the Issue and to extend, vary or alter any of the above, including any modification to the Issue price as it may deem fit at its absolute discretion or as may be suggested by the SEBI, the Stock Exchanges or any other regulatory authority;
- (xiii) to approve and issue in such newspapers as it may deem fit and proper, all notices, including any advertisement(s)/ supplement(s)/corrigendum(s) required to be issued in terms of the SEBI ICDR Regulations or other applicable SEBI guidelines and regulations or in compliance with any direction from SEBI and/or such other applicable statutory/ regulatory/ governmental authorities;
- (xiv) decide the basis and process of making the offer to Eligible Equity Shareholders within India and outside India in accordance with Applicable Law;
- (xv) finalize the basis of allotment of the Equity Shares in consultation with the Lead Managers, the registrar to the Issue and the Stock Exchanges, if necessary;
- (xvi) to appoint/re-appoint and enter into arrangements with legal advisors, registrar, bankers to the Issue, underwriters (if any), advertising agency(ies) and all other intermediaries and advisors necessary for the Issue;
- (xvii) to appoint any one of the Stock Exchanges as the designated stock exchange for the purpose of Issue (“Designated Stock Exchange”);
- (xviii) issue and allot Equity Shares in consultation with

- the Lead Managers, the registrar, the Designated Stock Exchange and to do all necessary acts and execute documents and undertakings with National Securities Depository Limited and Central Depository Services (India) Limited in connection with the Issue;
- (xix) take all such actions and give all such directions as may be necessary or desirable and also to settle any question, difficulty or doubt that may arise in connection with the Issue including the creation, offer, issue and allotment of the rights entitlements and Equity Shares as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the said Issue and allotment of Equity Shares;
- (xx) to dispose of the unsubscribed portion of the Equity Shares in such manner as it may think most beneficial to the Company and to decide the mode and manner of allotment of Equity Shares if any not subscribed and left / remaining after allotment of Equity Shares and additional Equity Shares applied by the shareholders and renouncees;
- (xxi) to apply to regulatory authorities seeking their approval for allotment of any unsubscribed portion of the Issue (in favour of the parties willing to subscribe to the same);
- (xxii) issue the letters of allotment to the proposed allottees;
- (xxiii) to decide on the marketing strategy of the Issue and the costs involved;
- (xxiv) enter the names of the allottees in the register of members of the Company;
- (xxv) to open requisite bank accounts with any nationalised bank/private bank/foreign bank for the purpose of the Issue;
- (xxvi) take any and all action in connection with obtaining approvals and consents (or entering into any arrangement or agreement in respect thereof) in connection with the Issue, including, but not limited to, approvals from the lenders of the Company, other third parties, SEBI, RBI, the registrar of companies and the Stock Exchanges (including in-principle approval and final listing and trading approval);
- (xxvii) to take any steps that may be required for process of credit of rights entitlements in the demat account and renunciation thereof and obtaining separate ISINs, if so required;
- (xxviii) finalise matters in relation to issue, allotment and listing of rights entitlements, including seeking of any temporary ISIN or other security code and approvals in relation to listing and trading of



- such rights entitlements and the finalization or modification of terms of any rights entitlements;
- (xxix) to decide the final size of the Issue or the total number of Equity Shares to be issued in the Issue;
- (xxx) to decide the price and premium of the Equity Shares to be offered through the Issue;
- (xxxi) file necessary certificates /returns/forms with SEBI, RBI, Stock Exchanges, the Registrar of Companies and other authorities;
- (xxxii) issue public advertisements and notices/supplements/addendum/corrigenda in accordance with the SEBI ICDR Regulations in consultation with the relevant intermediaries appointed for the Issue;
- (xxxiii)To authorize, appoint and substitute; one or more directors, employees, agents, consultants and/or appropriate persons for all or any of the acts, deeds and powers as mentioned herein, and to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Issue;

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGERIAL PERSONNEL

During the Financial Year 2025 -26, the following changes were made in the constitution of Key Managerial Personnels and Senior Managerial Personnel. The details of the same are provided below:

Sr. No.	Name of Person	Designation	Date of Appointment	Date of Resignation
1	Mr. Sanjay Garyali*	Managing Director & Chief Executive Officer	March 17, 2025	-
2	Mr. Anurag Srivastava	Chief Credit Officer	June 25, 2025	-
3	Mr. Amandeep Singh	Interim Chief Financial Officer (Resigned)	June 26, 2025	January 17, 2026
4	Mr. Jitender Sharma	Deputy Chief Operating Officer – MSME	August 11, 2025	-
5	Mr. Vikrant Sadana	Company Secretary & Compliance Officer	August 18, 2025	-
6	Mr. Nishant Monga	Chief Compliance Officer	August 18, 2025	-
7	Mr. Satish Mani	Interim - Head of Internal Audit (Re-designated as Chief Vigilance Officer w.e.f. September 30, 2026.)	August 18, 2025	-
8	Mr. Gautam Munjal	Chief Internal Auditor	October 01, 2025	-
9	Mr. Krishan Gopal	Chief Financial Officer	January 17, 2026	-
10	Ms. Priyanka Seth Wadhera	Chief Strategy Officer	February 27, 2026	-
11	Mr. Sushil Menon	Chief Information Officer and Interim Chief Information Security Officer	March 20, 2026	-
12	Mr. Gaurav Maheshwari	Chief Financial Officer (Resigned)	-	June 25, 2025
13	Mr. Kamal Kumar Kaushik	Chief Operating Officer MSME (Resigned)	-	July 05, 2025
14	Mr. Deepak Madaan	Company Secretary & Chief Compliance Officer (Resigned)	-	August 17, 2025
15	Mr. Vikas Jagdish Jajoo	Head of Internal Audit (Resigned)	-	August 17, 2025
16	Mr. Devesh Sachdev	Managing Director (Resigned)		September 30, 2025
17	Mr. Sanjay Mahajan	Chief Information Officer (Resigned)	-	March 20, 2026

*Mr. Sanjay Garyali was appointed as Chief Executive Officer of the Company w.e.f March 17, 2025. Further, he was appointed as Whole-Time Director of the Company w.e.f August 18, 2025 and Managing Director of the Company w.e.f. September 30, 2025.

- (xxxiv) to take all actions and give all such directions as may be necessary or desirable and to settle all questions, difficulties or doubts that may arise in relation to the Issue and matter incidental thereto as it may, in its absolute discretion deem fit; and
- (xxxv) executing and delivering any and all other documents, papers or instruments and doing or causing to be done any and all acts, deeds or things as they may, in their discretion, deem necessary or desirable for the purpose of the Issue, including to carry out the purposes and intent of the foregoing or the Issue.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the Financial Year 2025-26, the Independent Directors of the Company, met on March 20, 2026 and all the Independent Directors were present in the meeting. The Independent Directors have evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole during the year and further assessed the quality of Board performance and timeliness of flow of information with the Board.

As on March 31, 2026, the following officials constituted the Key Managerial Personnels and Senior Managerial Personnels:

Sr. No.	Name of Person	Designation
1	Mr. Sanjay Garyali	Managing Director & Chief Executive Officer - KMP
2	Mr. Sunil Mundra	Chief Operating Officer, MFI
3	Mr. Jitender Sharma	Deputy Chief Operating Officer – MSME
4	Mr. Krishan Gopal	Chief Financial Officer - KMP
5	Mr. Vikrant Sadana	Company Secretary & Compliance Officer - KMP
6	Mr. Nishant Monga	Chief Compliance Officer
7	Mr. Gautam Munjal	Chief Internal Auditor
8	Mr. Sanjay Choudhary	Chief Risk Officer
9	Mr. Anurag Srivastava	Chief Credit Officer
10	Ms. Pooja Mehta	Chief Human Resource Officer
11	Mr. Sushil Menon	Chief Information Officer & Interim Chief Information Security Officer
12	Ms. Priyanka Seth Wadhera	Chief Strategy Officer

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 Non-

Executive and Executive Directors of the Company is being paid as approved by the Nomination & Remuneration Committee, Board of Directors & Shareholders of the Company.

a. Executive Directors

Details of the remuneration paid to Executive Directors in the Financial Year 2025-26 and other disclosures

Name	Designation	Gross Payable	Variable Pay / Bonus*	Other Allowances	Car Perk	Taxable Superannuation Perk	Total
Mr. Sanjay Garyali	Managing Director & Chief Executive Officer	2,65,97,100	-	1,50,00,000	-	3,30,000	4,19,27,100
Mr. Devesh Sachdev#	Managing Director (Resigned)	1,54,40,838	1,30,50,000	-	39,600	-	2,85,30,438

*Bonus is pertaining to the FY 2024-25, paid in FY 25-26.

#Additionally, Mr. Devesh Sachdev has received an amount of Rs. 9,29,33,085 as full & final settlement including gratuity, LTA, leave encashment, bonus, ex-gratia, perquisites.

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

b. Non-Executive Directors

i. Criteria for making payment

The shareholders of the Company via postal ballot resolution dated June 09, 2024 approved the payment of remuneration by way of commission up to INR 7.5 Lacs per annum (not exceeding 1% of the net profits of the Company per annum), to each Non-Executive Independent Director of the Company, for five consecutive financial years, including the financial year 2025-26, calculated in accordance with the applicable provisions of the Act. Pursuant to this,

the remuneration by way of commission to the Non-Executive Independent Directors is decided by the Board of Directors. In addition to commission, the Independent Directors were also paid sitting fees for attending meetings of the Board and the committees thereof. No sitting fee was paid to the Non-Executive Directors, except Independent Directors. Further, in terms of Schedule V of the Companies Act, 2013, companies having absence of profits or inadequate profits in terms of Section 197, and 198 of the Act, may pay remuneration to Non-Executive Directors, including Independent Directors subject to the approval of shareholders of the Company in accordance with the terms and conditions of Schedule V of the Act. Accordingly, the requisite approval from the shareholders have been obtained for the payment of remuneration to the Directors, as applicable.



ii. Details of sitting fees and commission paid for the Financial Year 2025 -26

The details of sitting fees and commission paid to Non - Executive Independent Directors for attending the meeting of the Board & relevant Committees for the Financial Year 2025-26 are as under:

Name of Director	Designation	Sitting Fees (INR)	Commission (INR)
		Board & Committee Meetings	-
Ms. Namrata Kaul	Independent Director	34,60,000	7,50,000
Ms. Ratna Dharashree Vishwanathan**	Independent Director	28,00,000	7,50,000
Mr. Puneet Gupta	Independent Director	36,80,000	7,50,000
Mr. Brahmanand Hegde*	Independent Director	3,60,000	-
Mr. Rajeev Sardana#	Independent Director	13,40,000	4,62,329
Total		1,16,40,000	27,12,329

** Ms. Ratna Dharashree Vishwanathan would complete her second and final tenure on May 23, 2026.

#Mr. Rajeev Sardana was appointed as Non-Executive & Independent Director w.e.f August 18, 2025.

* Mr. Brahmanand Hegde was appointed as the Non-Executive & Independent Director w.e.f February 06, 2026.

There were no other pecuniary relationships or transactions of the Non-Executive Directors and Independent Directors vis-à-vis the Company. As on March 31, 2026, none of the Non-Executive Director is entitled for Employees Stock

Option (ESOPs) of the Company and during the financial year under the review no ESOP was granted to any Non-Executive Director of the Company.

GENERAL MEETINGS

ANNUAL GENERAL MEETING

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

AGM for Financial Year	Date	Time	Venue	No. of Special Resolutions passed
2024-25	22.07.2025	11:00 A.M.	Video conferencing/ other Audio-visual Means ("VC/ OAVM")- H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	1. To consider and approve the amendment in Articles of Association (AOA) of the Company. 2. Approval of waiver of the recovery of Managerial Remuneration, which is in excess of the limits prescribed under Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013, paid / payable to Mr. Devesh Sachdev (DIN: 02547111), Managing Director of the Company for the financial year 2024-25. 3. Approval of payment of remuneration to Mr. Devesh Sachdev (DIN: 02547111), Managing Director of the Company for FY2025-26.
2023-24	27.09.2024	11:00 A.M.	Video conferencing/ other Audio-visual Means ("VC/ OAVM")- H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	1. To increase the borrowing limit of the Company and create charges etc on the movable properties of the Company, both present and future, in respect of borrowings under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, upto Rs 17,500 crores.
2022-23	29.09.2023	11:00 A.M.	Video conferencing/ other Audio-visual Means ("VC/ OAVM")- H-1, C-Block, Community Centre, Naraina Vihar, New Delhi – 110028	1. To consider and approve the amendments in Articles of Association (AOA) of the Company. 2. To increase the borrowing limit of the Company and create charges etc on the movable properties of the Company, both present and future in respect of borrowings under Section 180(1) (c) and 180 (1) (a) of the Companies Act, 2013 up to Rs 15,000 crores.

POSTAL BALLOT

During the Financial year, the following Resolutions were placed for approval of the shareholders by Postal Ballot and approved with requisite majority:

I. Postal Ballot Notice Dated: March 24, 2025

Voting period: March 25, 2025 to April 23, 2025

Sr. No.	Item Proposed	Resolution Type	Total Valid Votes	Votes in Favour		Votes Against	
				No. of votes	%	No. of votes	%
1.	Approved the amendment of Fusion Employee Stock Option Plan 2023.	Special	74414602	65462376	87.97	8952226	12.03
2.	Approved the grant of the employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company under Fusion Employee Stock Option Plan 2023.	Special	74414638	65462177	87.97	8952461	12.03

The Company had appointed Mr. Harish Kumar (Membership no. F11918), Proprietor of M/s. Harish Popli & Associates, Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and in accordance with the law.

Details of voting pattern and scrutinizer's report is placed on the website of the Company www.fusionfin.com.

Procedure adopted for Postal Ballot

- a) The Postal Ballot notice together with explanatory statement, March 24, 2025 was sent only through email, to the members of the Company as on Cut-off Date i.e. March 21, 2025 respectively.
- b) The Company had engaged the services of MUFG Intime India Private Limited (earlier Link Intime India Private Limited) ('e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting for the notice dated March 24, 2025 postal

ballot commenced at 9 a.m. on Tuesday, March 25, 2025 and ended at 5 p.m. (IST) on Wednesday, April 23, 2025.

- c) As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement was also published in Financial Express: English and Jansatta: Hindi on March 25, 2025.
- d) The remote e-voting was unblocked by the scrutinizer Friday, April 25, 2025 respectively, in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report dated April 25, 2025, respectively, addressed to the Company Secretary of the Company in the prescribed format. Based on the report, the resolutions set out in the Postal Ballot Notice were passed as special resolutions accordingly on April 23, 2025.



II. Postal Ballot Notice Dated: September 19, 2025
Voting period: September 20, 2025 to October 19, 2025

Sr. No.	Item Proposed	Resolution Type	Total Valid Votes	Votes in Favour		Votes Against	
				No. of votes	%	No. of votes	%
1.	To consider and approve the appointment of Mr. Sanjay Garyali (DIN:11046442) as a Director of the Company.	Ordinary	8,86,85,350	8,86,83,880	99.998	1,470	0.002
2.	To consider and approve the appointment of Mr. Sanjay Garyali (DIN:11046442) as a Whole-time Director of the Company and fixation of remuneration.	Special	8,86,85,351	8,54,54,655	96.357	32,30,696	3.643
3.	To appoint Mr. Rajeev Sardana (DIN:06648276) as Non-Executive Independent Director of the Company and fixation of remuneration.	Special	8,86,85,151	8,86,83,060	99.998	2,091	0.002
4.	To appoint Mr. Hemant Omprakash Mundra (DIN:08192978) as Non-Executive Director of the Company	Ordinary	8,86,85,151	8,86,83,320	99.998	1,831	0.002

The Company had appointed Mr. Harish Kumar (Membership no. F11918), Proprietor of M/s. Harish Popli & Associates, Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and in accordance with the law.

Details of voting pattern and scrutinizer's report is placed on the website of the Company www.fusionfin.com.

Procedure adopted for Postal Ballot:

- a) The Postal Ballot notice together with explanatory statement, dated September 19, 2025, was sent only through email, to the members of the Company as on Cut-off Date i.e. September 12, 2025.
- b) The Company had engaged the services of MUFG Intime India Private Limited (earlier Link Intime India Private Limited) ('e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting period for the notice dated

September 19, 2025, commenced at 9 a.m. (IST) on Saturday, September 20, 2025, and ended at 5 p.m. (IST) on Sunday, October 19, 2025.

- c) As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement was also published in Financial Express: English and Jansatta: Hindi on September 20, 2025.
- d) The remote e-voting was unblocked by the scrutinizer on Sunday, October 19, 2025, in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report dated October 19, 2025, addressed to the Chairperson/ Company Secretary of the Company in the prescribed format. Based on the report, the resolutions set out in the Postal Ballot Notice were passed as special resolution and ordinary resolutions accordingly on October 19, 2025.

III. Postal Ballot Notice Dated: December 08, 2025
Voting period: December 09, 2025 to January 07, 2026

Sr. No.	Item Proposed	Resolution Type	Total Valid Votes	Votes in Favour		Votes Against	
				No. of votes	%	No. of votes	%
1.	To consider and approve the amendment in Articles of Association (AOA) of the Company.	Special	8,19,74,889	8,19,74,590	99.9996	299	0.0004
2.	To consider and approve the appointment of Mr. Sanjay Garyali (DIN: 11046442) as Managing Director of the Company.	Special	8,19,74,889	8,18,54,408	99.8530	1,20,481	0.1470

The Company had appointed Mr. Harish Kumar (Membership no. F11918), Proprietor of M/s. Harish Popli & Associates, Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and

transparent manner and in accordance with the law. Details of voting pattern and scrutinizer's report is placed on the website of the Company www.fusionfin.com.

Procedure adopted for Postal Ballot

- a) The Postal Ballot notice together with explanatory statement, dated December 08, 2025, was sent only through email, to the members of the Company as on Cut-off Date i.e. December 05, 2025.
- b) The Company had engaged the services of MUFG Intime India Private Limited (earlier Link Intime India Private Limited) ('e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting period for the notice dated December 08, 2025, commenced at 9 a.m. (IST) on Tuesday, December 09, 2025, and ended at 5 p.m. (IST) on Wednesday, January 07, 2026.
- c) As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement

was also published in Financial Express: English and Jansatta: Hindi on December 09, 2025.

- d) The remote e-voting was unblocked by the scrutinizer on Wednesday, January 07, 2026, in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report dated January 09, 2026 addressed to the Chairperson/ Company Secretary of the Company in the prescribed format. Based on the report, the resolutions set out in the Postal Ballot Notice were passed as special resolution accordingly on January 07, 2026.

Further post closure of FY, the Company had dispatched the Notice to the shareholders, as mentioned below:

IV. Postal Ballot Notice Dated: April 02, 2026
Voting period: April 03, 2026 to May 02, 2026

Sr. No.	Item Proposed	Resolution Type	Total Valid Votes	Votes in Favour		Votes Against	
				No. of votes	%	No. of votes	%
1.	To consider and approve the appointment of Mr. Brahmanand Hegde (DIN: 02984527) as Non-Executive Independent Director of the Company and fixation of remuneration.	Special	10,58,40,808	105840618	100	190	0.00
2.	To consider and approve the appointment of Ms. Remika Agarwal (DIN: 09438221) as Non-Executive Non-Independent Director of the Company	Ordinary	10,58,40,808	105840633	100	175	0.00

The Company had appointed Mr. Harish Kumar (Membership no. F11918), Proprietor of M/s. Harish Popli & Associates, Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and in accordance with the law.

Details of voting pattern and scrutinizer's report is placed on the website of the Company www.fusionfin.com.

Procedure adopted for Postal Ballot

- a) The Postal Ballot notice together with explanatory statement, dated April 02, 2025, was sent only through email, to the members of the Company as on Cut-off Date i.e. March 31, 2026.
- b) The Company had engaged the services of MUFG Intime India Private Limited (earlier Link Intime India Private Limited) ('e-voting agency') as the agency to provide e-voting facility to the Members of the Company. The e-voting period for the notice dated April 02, 2026, commenced at 9 a.m. (IST) on Friday, April 03, 2026, and ended at 5 p.m. (IST) on Saturday, May 02, 2026.

- c) As required under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, a newspaper advertisement was also published in Financial Express: English and Jansatta: Hindi on April 03, 2026.

- d) The remote e-voting was unblocked by the scrutinizer on May 03, 2026, in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report dated May 04, 2026 addressed to the Chairperson/ Company Secretary of the Company in the prescribed format. Based on the report, the resolutions set out in the Postal Ballot Notice were passed as special and ordinary resolutions accordingly on May 02, 2026.



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
2025-26	Nil			
2024-25	30.10.2024	11:00 A.M.	Video conferencing/ Other Audio-visual Means ("VC/OAVM")- Plot No. 86, Institutional Sector 32, Gurugram - 122001	To appoint Mr. Puneet Gupta (DIN: 02728604) as Non-Executive Independent Director of the Company.
2023-24	Nil			

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

MEANS OF COMMUNICATION

The Company is committed to maintaining the highest standards of corporate governance through transparent, timely, and equitable dissemination of information to all stakeholders. In line with this commitment, the Company ensures that financial information is communicated promptly and made accessible through multiple channels including disclosure made on the Stock Exchanges, website of the Company, Newspaper publications etc. This approach enables informed decision-making by shareholders. The various modes of communications are as under:

A. The quarterly, half-yearly and annual financial results of the Company are published in the national English Newspapers having circulation substantially in whole of India and Hindi Newspapers having wide circulation in the language of the region where the registered office of the Company is situated. The same is also available on the website of the Company i.e. www.fusionfin.com.

The Annual Report containing audited standalone financial statements together with Auditors' Report, Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility & Sustainability Report and important information are being circulated to all the Members entitled to receive the same through permitted mode(s).

B. During the financial year 2025 -26, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Un -Audited Financial Results for the quarter ended June 30, 2025.	Financial Express (English)	August 09, 2025
	Jansatta (Hindi)	August 09, 2025
Un -Audited Financial Results for the Quarter and Half Year ended September 30, 2025.	Financial Express (English)	November 05, 2025
	Jansatta (Hindi)	November 05, 2025
Un -Audited Financial Results for the Quarter and Nine months ended December 31, 2025.	Financial Express (English)	February 07, 2026
	Jansatta (Hindi)	February 07, 2026
Audited Financial Results for the Financial Year ended March 31, 2026.	Financial Express (English)	May 16, 2026
	Jansatta (Hindi)	May 16, 2026

C. Corporate Filings with Stock Exchanges

The Company is regularly filing various reports, certificates, intimations, disclosures etc. to BSE Limited and National Stock Exchange of India Limited. This includes *inter-alia*, filing of audited and unaudited financial results, shareholding pattern, report on Corporate Governance, report on investors' grievances, intimation of Board Meeting/General Meeting and its proceedings.

D. Investor Services:

The Company has authorised MUFG Intime Private Limited, the Registrar to an Issue and Share Transfer Agent, to attend the investors' grievances. Further, the investors may communicate their grievances on the e-mail id companysecretary@fusionfin.com

REDEMPTION OF NON-CONVERTIBLE DEBENTURES (NCDS) DURING THE FY 2025-26

During the financial year 2025-26 following Non-convertible Debentures were fully redeemed:

S. No	Name of the NCD	Date of Allotment	No. of NCDs issued	Issue amount (Rs. in Cr.)	Amount redeemed (Rs. in Cr.)	Date of redemption
1	Blue Orchard (Microfinance Fund)	05-10-2021	1,450	145	145	02-05-2025

During the Financial Year 2025-26, there were no partial redemption of Debentures.

DEBENTURE TRUSTEES DETAILS:

The Debenture Trustees during the Financial Year ended March 31, 2026 are as follows:

Name	Catalyst Trusteeship Limited
Address	Windsor,6 th floor, Office No.604, C.S.T Road, kalina, Santacruz (East) Mumbai 400098
Contact no.	011-43029101
Email ID	ComplianceCTL-Mumbai@ctltrustee.com
Website	www.catalysttrustee.com

REGULAR UPDATES:

Any material information/ happenings in the Company are submitted with the Stock Exchanges and disseminated on Company's website www.fusionfin.com. All other events and happenings of importance to the sector are reported to the Board on a continuous basis. The Company has conducted Earning's Calls post announcement of quarterly/half-Yearly/ annual results, which were well attended by the analysts/ investors and the audio recording, investor presentations and transcripts of such calls were uploaded on Company's website.

GENERAL SHAREHOLDER INFORMATION

32nd Annual General Meeting

Date: July 22, 2026

Day:Wednesday

Time: 11:00 A.M.

Venue: Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)

Financial year: April 1, 2025 to March 31, 2026

Listing on Stock Exchange

Equity Shares of Fusion Finance Limited are listed on the below mentioned Stock Exchanges:

Stock Exchange	National Stock Exchange of India Limited (NSE)	BSE Limited (BSE)
Address	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra(E) Mumbai – 400 051	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001
Symbol/Scrip Code	FUSION	543652

Further, Company has listed its non-convertible debentures on BSE Limited under the scrip code 977381 and 977412.



Further, none of the securities of the Company are suspended for trading during the FY 2025-26.

Listing Fees: The Company confirms payment of Annual Listing fees of NSE and BSE for Financial Year 2025-26, within the applicable timelines.

Dividend payment date: No dividend was declared for the Financial Year 2025– 26.

REGISTRAR TO AN ISSUE AND SHARE TRANSFER AGENT

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) is the Registrar to an Issue and Share Transfer Agent for Equity and Debt securities of the Company. Their contact details are as below:

**MUFG Intime India Private Limited
(Formerly known as Link Intime India Private Limited)**

Noble Heights, 1st Floor, Plot No. NH 2,
LSC, C-1 Block, Near Savitri Market,

Janakpuri, New Delhi-110058
Tel. No.: 011 - 4141 0592/93
Fax No.: 011 - 4141 0591
E-mail: : delhi@in.mpms.mufg.com
Website: www.in.mpms.mufg.com

SHARE TRANSFER SYSTEM, DEMATERIALIZATION OF SHARES AND LIQUIDITY

The entire equity share capital of the Company is held in dematerialised form. The Company's shares are available for trading with the stock exchanges i.e. BSE Limtied and National Stock Exchange of India Limited and available for dematerialisation with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The shareholders can hold the Company's shares with any depository participant, registered with the aforementioned depositories.

SHAREHOLDING

A. Distribution of Shareholding

The distribution of shareholding of fully-paid up equity shares as on March 31, 2026 was as follows:

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1-500	63876	89.5738	5416280	3.3563
501 – 1,000	3344	4.6893	2491187	1.5437
1,001 – 2,000	1877	2.6321	2695260	1.6702
2,001 – 3,000	649	0.9101	1620070	1.0039
3,001 – 4,000	329	0.4614	1150196	0.7127
4,001 – 5,000	238	0.3337	1105999	0.6854
5,001 – 10,000	472	0.6619	3369805	2.0882
10,001 & above	526	0.7376	143526977	88.9396
Total	71311	100.0000	161375774	100.0000

The distribution of shareholding of partly-paid up equity shares as on March 31, 2026 was as follows:

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1-500	1,884	86.18%	127328	18.02%
501 – 1,000	186	8.51%	61816	8.75%
1,001 – 2,000	55	2.52%	82808	11.72%
2,001 – 3,000	18	0.82%	45019	6.37%
3,001 – 4,000	13	0.59%	43442	6.15%
4,001 – 5,000	7	0.32%	32359	4.58%
5,001 – 10,000	15	0.69%	101475	14.36%
10,001 & above	8	0.37%	212256	30.04%
Total	2,186	100%	706503	100%

B. Shareholding Pattern as on March 31, 2026

Sr.no.	Category		
		No. of shares	% of holding
A	Promoter and Promoter Group		
	Indian	34,88,863	2.15%
	Foreign	8,43,23,785	52.03%
	Total (A)	8,78,12,648	54.18%
B.	Public		
	Institutions (Domestic)	2,33,75,087	14.42%
	Institutions (Foreign)	76,85,630	4.74%
	Non-institutions	4,28,42,972	26.23%
	Total (B)	7,39,03,689	45.59%
C	Non Promoter- Non Public Shareholder		
	Employee Benefit Trust/ Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	3,65,940	0.23%
	Total (C)	3,65,940	0.23%
	TOTAL (A+B+C)	16,20,82,277	100%

OUTSTANDING GDRs/ ADRs/ WARRANTS OR CONVERTIBLE INSTRUMENTS

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments as on March 31, 2026, which are likely to have an impact on the equity shares of the Company.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company follows prudent risk management policies.

There is no direct hedgeable commodity risk that the Company has on any of its products & services.

PLANT LOCATION

Being an NBFC, the Company has no plant locations. Further, as on March 31, 2026, the Company have 1,536 Branches spread across 22 states of the country. Additionally, the Company have 27 offices including Regional Offices, Corporate Office and Head Office.



ADDRESS FOR CORRESPONDENCE

Mr. Vikrant Sadana
Company Secretary & Compliance officer
Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)
Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001
Tel: 0124-6910500/6910600
Email: companysecretary@fusionfin.com
Registered Office
H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028
Tel: 011-46646600

Corporate Office

Plot No. 86, Institutional Sector – 32, Gurugram, Haryana – 122001
Tel: 0124-6910500/6910600
Website: www.fusionfin.com

CREDIT RATING

The details with respect to Credit Ratings obtained by the Company are given in the Directors’ Report.

OTHER DISCLOSURES

- a. The Company has not entered any transaction of material nature with the Directors or the management, relatives of Directors during the year under review that

have potential conflict with the interest of the Company. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Indian Accounting Standards – 24, if any, are placed periodically before the Audit Committee. Further, the details of the related party transactions of the Company during the year ended March 31, 2026 are given in Notes on Accounts forming part of Annual Report. All related party transactions during the year 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.fusionfin.com.

b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

During the Financial Year ended March 31, 2026, no action(s) has been taken against the promoters / Directors of the Company either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.

- c. The Company has a Whistle Blower Policy duly approved by the Board, which is available on the website of the Company i.e. www.fusionfin.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 the Company serves as a guide for daily business interactions, reflecting the 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 complied with all the mandatory requirements of the SEBI LODR Regulations and discretionary requirements as specified in Part E of Schedule II to the SEBI LODR Regulations are being reviewed from time to time.
- e. During the Financial Year 2025-26 , the total fee of INR 1,30,37,483 is being paid to the Statutory Auditors of the Company for Statutory Audit and other professional services apart from the above Rs. 7,00,000 paid to statutory auditors regarding rights issue related services availed from the statutory auditor’s.
- f. During the financial year ended March 31, 2026, the Board of Directors accepted all recommendations of the Committees of the Board of Directors, which were mandatorily required to be made.
- g. As per requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization. Further, the Company have properly constituted Internal Complaint Committee to address the sexual harassment cases. However, during the calendar year ended December 31, 2025, the Company has not received any complaints on sexual harassment, as per the provisions of the POSH and no complaint was pending for investigation and resolution.
- h. **Online Dispute Resolution (ODR) Mechanism**
Members may kindly note that in accordance with SEBI Circular No. SEBI/HO/OIAE_IAD-1/P/CIR/2023/131

- dated July 31, 2023, the Company has registered on the SMART ODR Portal (Securities Market Approach for Resolution through Online Disputes Resolution Portal). Post exhausting the option to resolve their grievance with the Company/its Registrar and Share Transfer Agent directly and through existing SCORES 2.0 platform, the investors can initiate dispute resolution through the ODR Portal at <https://smartodr.in/login> and the same can also be accessed through the Company’s website <https://fusionfin.com/odr-portal/> under section “ODR PORTAL”. Further, an email dated January 04, 2024 regarding Awareness about Online Resolution of Disputes in the Indian Securities Market through Online Dispute Resolution (‘ODR’) Portal was circulated to the shareholders through our Registrar and Share Transfer Agent i.e. MUFG Intime India Private Limited in compliance with SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023.
- i. The Company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015” with “SEBI LODR Regulations.
- j. **Disclosure on loans and advances**
The Company has not provided any loans and advances in the nature of loans to firms/ companies in which the Directors are interested during the Financial Year 2025-26.
- k. **Disclosure of certain types of agreements binding listed entities**
No such agreements, as specified in clause 5A of para A of part A of Schedule III of SEBI (LODR) Regulations, 2015 have been entered into by the shareholders, promoters, promoter group entities, related parties, Directors, key managerial personnel and employees of the Company.
- l. **Details of the Company’s material subsidiary**
The Company does not have any material subsidiary as on date. However, in compliance with SEBI LODR Regulations the Company has adopted a policy on determining the Material Subsidiary and the same is available at the website of the Company at www.fusionfin.com

Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case
NSE and BSE (FY2024-25)	Rs. 74,340.00/- (inclusive of GST) and Rs. 33,040.00 (inclusive of GST)	Regulation 17(1): Non-compliance with the requirements pertaining to the composition of the Board. Regulation 18(1): Non-compliance with the composition of the audit committee. The non-compliance existed for 13 Days i.e. from September 22, 2024, till October 04, 2024, on account of completion of tenure of Mr. Pankaj Vaish on September 21, 2024, and appointment of Mr. Puneet Gupta w.e.f. October 05, 2024. The stock exchanges imposed penalty in 2 tranches i.e. Rs. 74,340.00/- (inclusive of GST) for the 9 days falling within the quarter ended September 30, 2024, and Rs. 33,040.00 (inclusive of GST) for the 4 days falling within the quarter ended December 31, 2024. The imposed penalty was paid by the Company in due course. Further, the required composition of Audit Committee and Board was duly complied w.e.f October 05, 2024, with appointment of Mr. Puneet Gupta as an Independent Director.

MD & CEO Certification on Code of Conduct

I, Sanjay Garyali, Managing Director & Chief Executive Officer of Fusion Finance Limited (Formerly known as Fusion Micro Finance Limited), hereby certify that all the Board Members, Key Managerial Personnels and Senior Managerial Personnel have affirmed compliance with the Code of Conduct of the Company laid down by the Board of Directors, for the financial year ended March 31, 2026.

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

Place: Gurugram
Date: May 15, 2026

Sd/-
Sanjay Garyali
Managing Director & Chief Executive Officer
(DIN: 11046442)

Certificate from MD & CEO and CFO

**(Regulation 17(8) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,
The Board of Directors
Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)

Sub: Compliance Certificate on the financial statements of Fusion Finance Limited (“Company”) under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam,

We, Sanjay Garyali - Managing Director & Chief Executive Officer and Krishan Gopal - Chief Financial Officer of the Company hereby certify that:

- We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2026 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - 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.
- 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.
- We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware and steps that have been taken or propose to take to rectify these deficiencies.
- We have indicated to the Auditors and the Audit Committee that:
 - there has not been any significant changes in internal control over financial reporting during the year;
 - there has been no significant changes in accounting policies during the year; and
 - there have been, during the year no instances of significant fraud of which we 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.

For Fusion Finance Limited
(Formerly known as Fusion Micro Finance Limited)

Sd/-
Place: Gurugram
Date: May 15, 2026

Sd/-
Krishan Gopal
Chief Financial Officer

Sd/-
Sanjay Garyali
Managing Director & Chief
Executive Officer
DIN: 11046442



CERTIFICATE ON CORPORATE GOVERNANCE

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

To,
The Members,
FUSION FINANCE LIMITED
(Formerly known as Fusion Micro Finance Limited)
Regd. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi -110028

We have examined the compliance of conditions of Corporate Governance by the Fusion Finance Limited (Formerly known as Fusion Micro Finance Limited) for the financial year ended 31st March, 2026, as per regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulations (2) of Regulations 46 and Para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

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

In our opinion and to the best of our information, based on the records, documents, books, and other information furnished and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as per regulations 17 to 27, clause (b) to (i) and (t) of sub-regulations 2 of Regulations 46 and paragraphs C, D and E of Schedule V of SEBI LODR Regulations as applicable.

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

For Navneet K Arora & Co LLP
Company Secretaries

Sd/-
CS Navneet Arora
Managing Partner
FCS: 3214, COP: 3005
ICSI Firm Unique Identification Code: P2009DE061500
UDIN NO: F003214H000338505

Place: New Delhi
Date: 12th May 2026

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)”

To,
The Members
FUSION FINANCE LIMITED
(Formerly known as Fusion Micro Finance Limited)
Reg. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi-110028

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of FUSION FINANCE LIMITED having CIN: L65100DL1994PLC061287 and having registered office at : H-1, C Block, Community Centre, Naraina Vihar, New Delhi-110028 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its Directors / officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on, 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company*	Date of Cessation in the Company
1.	Sanjay Garyali	11046442	18/08/2025	NA
2.	Namrata Kaul	00994532	18/02/2020	NA
3.	Ratna Dharashree Vishwanathan	07278291	24/05/2018	NA
4.	Brahmanand Hegde	02984527	06/02/2026	NA
5.	Rajeev Sardana	06648276	18/08/2025	NA
6.	Hemant Omprakash Mundra	08192978	04/09/2025	NA
7.	Puneet Gupta	02728604	05/10/2024	NA
8.	Remika Agarwal	09438221	31/03/2026	NA
9.	Narendra Ostawal	06530414	05/12/2018	04/09/2025
10.	Devesh Sachdev	02547111	05/11/2009	04/11/2025
11.	Kenneth Dan Vander Weele	02545813	12/08/2016	31/03/2026

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

For Navneet K Arora & Co LLP
Company Secretaries

Sd/-
CS Navneet Arora
Managing Partner
FCS: 3214, COP: 3005
Firm Unique Identification Code: P2009DE061500
UDIN: F003214H000338582

Place: New Delhi
Date: 12th May 2026



Form no. MR-3

Secretarial Audit Report

ANNEXURE - 2

[For the Financial Year ended on 31st March 2026]

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FUSION FINANCE LIMITED
(Formerly known as Fusion Micro Finance Limited)
Reg. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi-110028

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices adopted by FUSION FINANCE LIMITED (CIN: L65100DL1994PLC061287) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of FUSION FINANCE LIMITED books, papers, minute books, forms and returns filed and other records or registers maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on 31st March, 2026 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'), viz.;
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Shares Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; Not applicable during the audit period;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not applicable during the audit period;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable during the audit period;

- i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

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

- a) Reserve Bank of India Act, 1934, as amended from time to time, read with the Reserve Bank of India (Non-Banking Financial Companies – Microfinance Institution) Directions, 2025, the Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, (as updated from time to time), and all other applicable circulars, directions, policies and guidelines issued by the Reserve Bank of India.
- b) IRDAI (Registration of Corporate Agents) Regulations, 2015.
- c) Information Technology Act, 2000;
- d) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules 2013;
- e) Indian Stamp Act, 1899;
- f) Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 and other Environment Laws.
- g) The Employees Provident Fund & Miscellaneous Provisions Act, 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952 and other related laws;

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and amendments made thereunder. ('Listing Regulations').

We have not examined the applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditors and other designated professionals.

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

We further report that:

- 1) The Company has complied with the Companies Act 2013 and Listing Regulations in respect of constitution of the board with proper balance of Executive, Non-Executive Directors & Independent Directors. The Changes in the Composition of the Board of Directors that took place during the period under review out in compliance with the provisions of the Act;
- 2) We further report that according to the information and explanation given to us, 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.
- 3) Adequate notices were given to all Directors to schedule the Board Meetings atleast seven days in advance and agenda and detailed notes on agenda were also sent in advance to all the Directors subsequently, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and



- for meaningful participation at the meeting. In case of shorter notice, the Company has complied with the applicable provisions of Section 173 of the Companies Act, 2013 read with clause 1.3.7 of the Secretarial Standard of ICSI;
- 4) Majority decision were carried with assent of board members while the dissenting members' views, if any, are captured and recorded as part of the minutes;
 - 5) The Company has obtained requisite approval from the shareholders, Board and filed requisite applications, forms, or returns with the Registrar of Companies, NCT of Delhi & Haryana or other regulatory authorities and complied with the applicable provisions in respect of:
- (i) The Shareholders of the Company approved the following matters in the Annual General Meeting held on 22nd July 2025:
 - a. Re-appointment of Mr. Devesh Sachdev, Managing Director (DIN: 02547111), liable to retire by rotation.
 - b. Appointment of M/s BK Khare & Co., Chartered Accountants (FRN: 105102W) as the Statutory Auditors of the Company for a continuous period of 3 years, from FY25-26 to FY27-28.
 - c. Alteration of Articles of Association ("AOA") of the Company by substitution of the existing article 35 of the AOA.
 - d. Appointment of M/s Navneet K Arora & Co LLP, (FRN P2009DE061500) as Secretarial Auditors of the Company for a term of 5 (five) consecutive years, from FY25-26 to FY29-30.
 - e. Ratification and confirmation of the waiver of recovery of excess remuneration of INR 4,58,42,230/- paid / payable to Mr. Devesh Sachdev (DIN: 02547111), Managing Director of the Company, for the financial year 2024-25, which is in excess of the limits prescribed under Section 197(1) of the Act read with Schedule V to the Act, in the event of absence or inadequacy of profits for the financial year 2024-25.
 - f. Approval of payment of remuneration to Mr. Devesh Sachdev (DIN: 02547111), as Managing Director, for FY25-26 including payment as minimum remuneration in case of absence or inadequacy of profits notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.
 - g. Approval of payment of remuneration up to Rs. 7.5 lakhs per annum each to Mr. Puneet Gupta (DIN: 02728604), Ms. Namrata Kaul (DIN: 00994532) and Ms. Ratna Dharashree Vishwanathan (DIN: 07278291), Independent Directors of the Company, for a period of three financial years from FY 2024-25 to FY26-27 or for the remaining tenure of their respective appointments, whichever is earlier, including in the event of absence or inadequacy of profits, as may be determined by the Board from time to time.
 - (ii) The Shareholders of the Company also approved the following matters through the First Postal Ballot on 23rd April 2025:
 - a. Approval for increase in the quantum of options under ESOP 2023 from 10,00,000 to 60,00,000 options of face value of 10/- each.
 - b. Approval for grant of employee stock options under ESOP 2023, in one or more tranches, to identified employees of the Company, equal to or exceeding 1% of the issued capital in any one year of face value INR. 10/- (Indian Rupees Ten Only) each.
 - (iii) The Shareholders of the Company also approved the following matters through the Second Postal Ballot on 19th October 2025:
 - a. Appointment of Mr. Sanjay Garyali (DIN:11046442) as Director of the Company, liable to retire by rotation, who was earlier appointed as an Additional Executive Director designated as Whole Time Director w.e.f. 18th August 2025.
 - b. Appointment of Mr. Sanjay Garyali (DIN:11046442) as Whole-Time Director of the Company, liable to retire by rotation, for a period of five consecutive years from 18th August 2025 to 17th August 2030 and fixation of remuneration.

- c. Appointment of Mr. Rajeev Sardana (DIN: 06648276) as Non-Executive Independent Director of the Company for a period of five consecutive years from 18th August 2025 to 17th August 2030, not liable to retire by rotation, who was earlier appointed as an Additional Independent Director w.e.f. 18th August 2025 and approved payment of remuneration.
 - d. Appointment of Mr. Hemant Omprakash Mundra (DIN: 08192978) as Non-Executive Director of the Company, nominee of Honey Rose Investment Ltd, liable to retire by rotation, who was earlier appointed as an Additional Non-Executive Director with effect from 04th September 2025.
- (iv) The Shareholders of the Company also approved the following matters through the Third Postal Ballot on 07th January 2026:
 - a. Approval for alteration of the Articles of Association of the Company by omitting the definition of "Founder Promoter" in Article 4 (Definitions and Interpretation) of Part A of the AOA and substituting Article 103.2 relating to the composition of the Board.
 - b. Approval for in partial modification of the earlier shareholders' resolution dated 19th October 2025, the appointment of Mr. Sanjay Garyali (DIN: 11046442) as Managing Director of the Company with effect from 30th September 2025, while keeping the previously approved terms and conditions, including remuneration, unchanged.
 - (v) The Board of Directors approved the constitution of a Rights Issue Committee on 15th November 2024 to implement the proposed rights issue of the Company. Subsequently, the Rights Issue Committee, in its meeting held on 02nd May 2025, approved the allotment of 6,10,58,392 partly paid-up right equity shares at ₹131 per share (including a premium of ₹121 per share), with ₹65.50 payable on application and the balance amount payable in one or more subsequent calls on or before 31st March 2027. Further, the Board, in its meeting held on 04th November 2025, approved the first and final call of ₹65.50 per share, fixed 11th November 2025 as the record date, and subsequently the Board in its meeting held on 06th February 2026 approved the conversion of 6,03,51,889 partly paid-up equity shares into fully paid-up equity shares.
 - (vi) The Board of Directors, in its meeting dated 21st June 2025, has taken note of the resignation of Mr. Gaurav Maheshwari from the position of Chief Financial Officer with effect from 25th June 2025 and appointed Mr. Amandeep Singh as Interim Chief Financial Officer (CFO) with effect from 26th June 2025, along with approval of his remuneration.
 - (vii) The Board of Directors, in its meeting held on 21st June 2025, approved making an application to the Insurance Regulatory and Development Authority of India (IRDAI) for obtaining a Corporate Agency License – Composite Business and appointed Mr. Jatin Dhall as the Principal Officer to supervise the activities of the Corporate Agency in accordance with the applicable IRDAI Regulations. Subsequently, the Company received approval from IRDAI on 17th October 2025.
 - (viii) The Board of Directors, in its meeting held on 17th August 2025, has taken note of the resignation of Mr. Deepak Madaan from the position of Company Secretary and Chief Compliance Officer with effect from 17th August 2025. Further, the Board appointed Mr. Vikrant Sadana as Company Secretary and Compliance Officer with effect from 18th August 2025 and fixed his remuneration.
 - (ix) The Board of Directors in its meeting held on 04th September 2025 has taken note of resignation of Mr. Narendra Ostawal (DIN:06530414) from the Directorship of the Company w.e.f 04th September 2025 and further appointed Mr. Hemant Omprakash Mundra (DIN: 08192978) as an Additional Non-Executive Director of the Company w.e.f 04th September 2025.
 - (x) The Board of Directors in its meeting held on 30th September 2025 has taken note of resignation of Mr. Devesh Sachdev (DIN: 02547111) from the position of Managing Director of the Company w.e.f 30th September 2025 & further appointed Mr. Sanjay Garyali (DIN: 11046442) as Managing Director of the Company w.e.f. 30th September 2025.
 - (xi) The Board of Directors in its meeting held on 04th November 2025 has taken note of resignation of Mr. Devesh



- Sachdev (DIN: 02547111) from the position of Director of the Company w.e.f 04th November 2025
- (xii) The Board of Directors, at its meeting held on November 4, 2025, approved the issuance of Non-Convertible Debentures up to ₹1,000 crores (Indian Rupees One Thousand Crore Only) on a private placement basis, in one or more tranches and empowered the Working Committee for this purpose. Pursuant thereto, the Working Committee, at its meetings held on December 16, 2025 and December 29, 2025, approved the allotment of 16,000 (Sixteen Thousand Only) and 15,000 (Fifteen Thousand Only) senior, secured, rated, listed, redeemable, transferable, non-convertible debentures, respectively, each with a face value of ₹1,00,000 (Indian Rupees One Lakh Only), aggregating to ₹160 crore (Indian Rupees One Hundred Sixty Crore Only) and ₹150 crore (Indian Rupees One Hundred Fifty Crore Only), bearing interest at 10.95% per annum.
- (xiii) The Board of Directors in its meeting held on 17th January 2026 has taken note of resignation of Mr. Amandeep Singh w.e.f. 17th January 2026 as Interim Chief Financial Officer of the Company and further appointed Mr. Krishan Gopal, as Chief Financial Officer and designated as Key Managerial Personnel of the Company w.e.f. 17th January 2026 & fix the remuneration.
- (xiv) The Board of Director in its meeting held on 06th February 2026 have provided their approval for the appointment of Mr. Brahmanad Hedge (DIN: 02984527) as an Additional Director (Non-Executive Independent) for a period of five consecutive years w.e.f 6th February 2026 to 5th February 2031.
- (xv) The Board of Directors in its meeting held on 31st March 2026 has taken note of resignation of Mr. Kenneth Dan Vander Weele (DIN: 02545813) from the position of Non-Executive Nominee Director of the Company with effect from 31st March 2026, on account of his retirement. He was representing Creation Investments Fusion, LLC and Creation Investments Fusion II, LLC on the Board of Directors of the Company.
- (xvi) The Board of Directors in its meeting held on 31st March 2026 has provided their approval for appointment of Ms. Remika Agarwal (DIN: 09438221) as an Additional Non-Executive Non-Independent Director of the Company w.e.f. 31st March 2026, representing Creation Investments Fusion, LLC and Creation Investments Fusion II, LLC.
- 6) During the course of Secretarial Audit for FY25-26, certain delayed submissions and adjudication related matters were observed, details whereof are mentioned below:
- a. The Half-yearly FDI Certificate from its Statutory Auditors which was required to be submitted with RBI by April 30, 2025 was submitted with delay.
- b. The Company had suo-moto filed an application for adjudication of penalties in relation to the non compliance of Section 152(6) of the Companies Act, 2013, pertained to the period from 20th July 2021 to 08th July, 2023, during which period the Company was required to have three Non-Independent Directors liable to retire by rotation, whereas only one Non-Independent Director was designated as such. The Company has now received an order dated 16th March 2026 issued by Registrar of Companies – ROC, Delhi, for adjudication of the aforesaid penalty. The penalty imposed on the Company was Rs.3,00,000/- (Rupees Three Lacs Only). Further, a penalty of Rs. 1,00,000/- (Rupees One Lac Only) imposed on Mr. Devesh Sachdev, erstwhile Managing Director, being officer in default during the aforesaid period. It is pertinent to note that the Company has been fully compliant with the provisions of Section 152(6) of the Companies Act, 2013 with effect from 08th July 2023. The Company and Mr. Devesh Sachdev (DIN: 02547111), former Managing Director and Officer in Default, had paid the penalty of ₹3,00,000 and ₹1,00,000 to the Registrar of Companies, Delhi on April 7, 2026 and April 21, 2026, respectively.
- 7) There was no other prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act 2013, Depositories Act and Rules, Regulations and Guidelines framed under these Acts

against / on the Company, its Directors and Officers except as stated above in point no.6.

- 8) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Conduct for Board of Directors and Senior Management Personnel;

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- a) Public / Preferential Issue of Shares / Sweat Equity except as stated above in point no. 5(v)
b) Buy-back of Securities;
c) Merger / Amalgamation / Reconstruction etc. and
d) Foreign Technical Collaborations.

For Navneet K Arora & Co LLP
Company Secretaries

Sd/-
CS Navneet Arora
Managing Partner
CS: 3214, COP: 3005
[ICSI Firm Unique Identification Code: P2009DE061500]
UDIN: F003214H000338219
Place: New Delhi
Date: 12th May 2026

[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 Finance Limited
(Formerly known as Fusion Micro Finance Limited)
Reg. Office: H-1, C Block, Community Centre,
Naraina Vihar, New Delhi-110028

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

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the company.

For Navneet K Arora & Co LLP
Company Secretaries

Sd/-
CS Navneet Arora
Managing Partner
CS: 3214, COP: 3005
[ICSI Firm Unique Identification Code: P2009DE061500]
UDIN: F003214H000338219
Place: New Delhi
Date: 12th May 2026

MANAGEMENT
DISCUSSION
AND ANALYSIS





Industry Structure and development:

OVERVIEW & OUTLOOK

According to the latest IMF outlook, India is projected to remain one of the fastest-growing major economies in near future, supported by robust domestic demand, sustained infrastructure investments, and a resilient services sector. Real GDP growth is projected at approximately 6.5% for FY26-27, comfortably outpacing the global average of around 3.1% and major peers such as the US and China. CPI inflation is forecast at 4.7%, remaining manageable and near target levels. India’s nominal GDP is estimated to reach approximately USD 4.15 trillion in 2026, with a per capita GDP of approximately USD 2,813.

Key Growth Drivers

- Strong domestic consumption and rising household demand
- Continued public and private investment in infrastructure
- Expansion of manufacturing and digital sectors
- Financial inclusion and technology-led productivity gains
- Resilient services exports and a strengthening business ecosystem

Key Risks Highlighted by IMF

- Rising geopolitical tensions and commodity price shocks
- Global financial market volatility
- Trade restrictions and slowing global demand
- Currency and energy price pressures

Source: World Economic Outlook, April 2026

INDIAN MICROFINANCE INDUSTRY

The Indian microfinance industry in 2026 is in a phase of stabilization and recalibration, shifting from aggressive expansion to a more risk-conscious growth model. The sector continues to play a critical role in advancing financial inclusion, especially among rural households, women borrowers, and micro-entrepreneurs, while navigating challenges around asset quality, borrower leverage, and portfolio stress.

Key Industry Highlights Portfolio Rebound

After nearly eight quarters of contraction since March 2024, the microfinance portfolio outstanding rebounded to Rs. 3,31,000 crores as of March 2026, rising 3.2% QoQ, though still down 13.2% on a year-on-year basis. The recovery was supported by higher originations and larger-ticket loans, alongside a moderation in PAR 180+ (including write-

ANNEXURE - 3

offs) from 17.3% to 16.3% on a QoQ basis, and continued improvement in PAR 1-180 to 2.6% in March 2026, down from 4.4% as of December 2025.

Borrower and Loan Count Trends

Borrower and active loan counts remained in decline, though the pace eased. Active borrower count fell 3.2% QoQ (versus 5–6% in prior quarters) to 6.9 crore, while active loans declined 4.5% QoQ to 10.7 crore as of March 2026.

Geography Trends

All top ten states except Tamil Nadu recorded QoQ increases in portfolio outstanding. All states continued to show improvement in delinquency (PAR 31-180), with the pan-India average at 2.0% as of March 2026. States such as West Bengal, Maharashtra, Madhya Pradesh, and Rajasthan reported higher delinquency levels relative to the national average.

Lender Dynamics

NBFC-MFIs remained the predominant growth driver, increasing their share of portfolio outstanding from 38.9% to 43.7% year-on-year as of March 2026. Banks’ POS share declined from 32.6% to 26.4%, while NBFCs maintained approximately 12-13% and Small Finance Banks around 16% between March 2025 and March 2026.

Delinquency Trends

Early-stage delinquency buckets (PAR 1-30 and PAR 31-90) dropped below 1%, while PAR 91-180 declined sharply from 3.4% in March 2025 to 1.2% in March 2026 — the best level in five quarters.

Lender Association Risk

Portfolio risk profile improved, with approximately 95% of exposure to borrowers having three or fewer lender associations, supported by industry guardrails. The share of borrowers with two or fewer lenders consistently maintained approximately 90% share.

Strategic Assessment for 2026

The Indian microfinance industry appears to be transitioning from a consolidation phase to an early recovery phase. Asset quality has improved materially, disbursements are rising, and portfolio contraction has largely stabilized. However, lenders remain cautious, prioritizing portfolio quality over aggressive growth.

Overall SWOT conclusion:

- Strength: Deep financial inclusion franchise and improving credit quality.
- Weakness: Concentrated, unsecured lending model.

- Opportunity: Digitalization, co-lending, and recovery-led growth.
- Threat: Regulatory, political, and borrower over-indebtedness risks.

For FY27, the industry’s success will likely depend on maintaining credit discipline while gradually restoring growth.

Source: CRIF MicroLend — Quarterly Microfinance Lending Insights, May 2026

INDIAN MSME INDUSTRY

India’s MSME sector represents the backbone of the industrial economy, contributing roughly 31.1% to GDP, 35.4% to manufacturing output, and 48.58% of total exports. Over 7.85 crore enterprises are registered on the Udyam portal and Udyam Assist Platform, with approximately 95% falling under the micro-enterprise category. The sector sustains more than 32.8 crore jobs, making it the country’s second-largest employer after agriculture.

Source: IBEF Report March 2026

Geographic and Activity Distribution

Maharashtra, Uttar Pradesh, and Tamil Nadu jointly account for roughly 32% of all MSME registrations nationwide. By activity, trading enterprises make up the largest share at 42.89%, followed by services (36.22%) and manufacturing (20.89%).

Government Initiatives and Financial Interventions

The MSME sector continues to be a central focus of government policy making to foster job-rich industrialization. Key developments during the year include:

- Union Budget Allocations: The Ministry of MSME received an allocation of Rs. 23,168 crore (approximately USD 2.7 billion), complemented by a new Rs. 10,000 crore SME Growth Fund and continued backing for the Self-Reliant India (SRI) Fund.
 - Credit Growth: Flagship schemes such as the Pradhan Mantri Mudra Yojana (PMMY) and PM Vishwakarma Scheme remain foundational, having sanctioned over Rs. 33.65 lakh crore in cumulative loans.
 - Compliance and Formalization: Mandatory adoption of the Trade Receivables Discounting System (TReDS) across Central Public Sector Enterprises has been enhanced to help resolve working capital and cash flow bottlenecks.
- Industry Outlook and Emerging Trends**
- Export Integration: MSME exports currently account for

well over 45% of India’s total export basket, reflecting deeper integration into global supply chains.

- Digitization: The broad adoption of UPI and stabilization of GST 2.0 reforms have improved cash-flow visibility and operational ease for small businesses.
- Green Energy and Technology: Rapid shifts toward AI-driven operations and sustainable manufacturing are increasingly defining the future generation of MSME development.

INDIA FINANCIAL SERVICES INDUSTRY (2026) – SWOT ANALYSIS

India’s financial services industry—including banking, NBFCs, fintech, insurance, asset management, wealth management, and capital markets—enters 2026 from a position of strength, supported by robust economic growth, deepening financial inclusion, digital infrastructure, and rising household financialization.

SWOT Analysis - Fusion

Strengths

Strong Rural and Semi-Urban Franchise
The Company has built a deep presence across rural and semi-urban markets, enabling access to underserved customer segments and supporting sustainable business growth across 22 States and 3 Union Territories.

Established Customer Relationships and Collection Capabilities
Long-standing customer relationships, supported by a relationship-led operating model and extensive field infrastructure, strengthen customer retention, sourcing capabilities, and collection efficiency with nearly 2.2 million customers.

Diversified MSME Lending Platform
The Company has expanded beyond its core MFI lending products and continues to build a diversified MSME lending portfolio, reducing dependence on a single customer segment or product category.

Extensive Distribution Network
A wide branch network of 1,536 branches and strong local market presence enhance customer outreach, strengthen collection capabilities, and provide valuable insights into borrower behaviour and regional market dynamics.

Experienced Management Team and Dedicated Workforce
An experienced leadership team, supported by a committed employee base, provides continuity, operational discipline, and the ability to navigate evolving business environments.



Strengthening Digital and Technology Capabilities
Continued investments in digital platforms, analytics, and process automation are improving operational efficiency, customer experience, risk management, and scalability.

Weaknesses

Dependence on Field-Intensive Operations
The Company's business model requires significant investments in branch infrastructure, customer engagement, and collection activities.

Exposure to Informal Income Segments
A significant portion of the customer base derives income from informal economic activities, making income assessment and credit evaluation inherently more complex.

Sensitivity to Asset Quality Cycles
The Company's portfolio includes borrower segments that may be more vulnerable to economic disruptions, requiring continued focus on underwriting discipline and collection effectiveness.

Geographic Concentration in Rural and Semi-Urban Markets
While the Company's deep presence in rural and semi-urban geographies is a competitive advantage, business performance remains linked to the economic conditions, income patterns and credit behaviour of these markets

Opportunities

Expansion of Formal Credit Penetration
Increasing financial inclusion, rising financial awareness, and expanding formalisation of the economy continue to create significant opportunities across rural and semi-urban markets.

MSME and Self-Employed Borrower Financing
Growing demand for loan against property (LAP), working capital, business expansion funding and income-generating asset financing for MSMEs presents a substantial opportunity for portfolio growth.

Digital Transformation and AI-Led Productivity
Greater adoption of analytics, automation, artificial intelligence, and digital servicing platforms can improve operating efficiency, customer experience, and portfolio performance.

Threats

Regulatory and Compliance Changes
Changes in regulatory requirements relating to lending practices, provisioning norms, customer protection, governance standards, and data privacy may increase compliance obligations and operating costs.

Macroeconomic and Credit Cycle Risks
Economic slowdowns, inflationary pressures, adverse monsoon conditions, or disruptions in rural and MSME income levels may adversely impact borrower repayment capacity and credit demand.

Funding and Liquidity Risk
Changes in liquidity conditions, investor sentiment, or debt market dynamics could affect funding availability, borrowing costs, and growth momentum.

COMPANY OVERVIEW

Fusion Finance is a registered NBFC-MFI which operates on a Joint Liability Group lending model. Fusion commenced NBFC operations in 2010, the Company focuses on reaching out to the underserved and unbanked populace of the country providing financial services to rural women. Thus, majority of its client base comprises women living in rural areas. While the Company's core business model is to provide financial support to this segment, disseminating financial literacy & awareness to its customers is an integral part of its core strategy. Adjacent to this initiative is the company's CSR policy, which focuses on key activities like Health, Hygiene, Sanitation, and primary education in the catchment areas of its operations. In 2019, the company introduced MSME loans, where we provide Loan Against Property (LAP) to MSMEs in Tier 3 and Tier 4 markets, offering secured financing solutions that help businesses unlock the value of their property to support growth, expansion and working capital requirements.

Headquartered in Gurgaon, the Company's operations are spread across 22 Indian states including 3 Union Territories and managed by an experienced and enthusiastic workforce.

Business Overview

FY26 was a pivotal year for Fusion Finance, marked by a strategic shift toward rebuilding portfolio quality, strengthening risk management practices, and laying the foundation for sustainable long-term growth. Amid a challenging operating environment during the early part of the year, the Company remained focused on improving asset quality, enhancing portfolio resilience, driving collection efficiencies, and restoring profitability through disciplined execution.

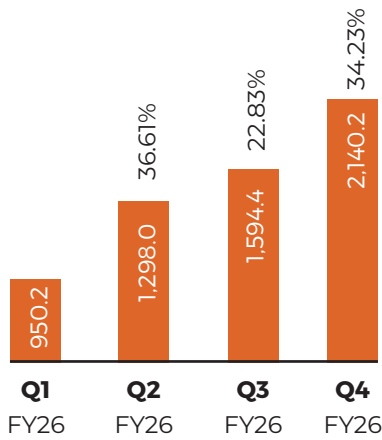
Throughout the year, management adopted a measured and quality-led growth approach, prioritizing portfolio health over rapid expansion. This disciplined strategy resulted in consistent sequential improvements across key operating metrics, including disbursements, collection performance, profitability, funding access, and capital adequacy. As a result, the Company exited FY26 with a stronger and more resilient balance sheet, positioning

it well to pursue accelerated yet responsible growth opportunities in FY27 and the years ahead.

Business Growth and Portfolio Expansion

FY26 witnessed a strong recovery in business momentum, with the Company delivering consistent quarter-on-quarter growth in disbursements throughout the year. Quarterly disbursements increased from Rs. 950 crore in Q1 FY26 to Rs. 1,298 crore in Q2, Rs. 1,594 crore in Q3, and Rs. 2,140 crore in Q4 FY26, representing a robust 34% sequential increase in the final quarter. For the full year, disbursements stood at Rs. 5,983 crore compared with Rs. 6,971 crore in FY25.

Rising disbursement trends (Rs in crore)



Assets Under Management (AUM) stood at Rs. 7,407 crore as of March 2026 compared with 8,980 crore at the end of FY25, a decline of 18% year-on-year driven by the Company's deliberate portfolio optimisation and de-risking initiatives. However, AUM returned to a growth trajectory in Q4 FY26, increasing by 8% sequentially from Rs. 6,876 crore in Q3 FY26. The active borrower base moderated from 32.1 lakh at the beginning of FY26 to 21.7 lakh by year-end, reflecting tighter underwriting standards, borrower de-leveraging, and a strategic focus on enhancing portfolio quality.

The Company maintained a broad distribution footprint with 1,536 branches across 22 states and 3 Union Territories as of March 2026, compared with 1,571 branches at the start of the year. At the same time, average ticket size increased significantly from Rs. 53,368 in Q4 FY25 to Rs. 60,826 in Q4 FY26, indicating a shift toward larger, higher-quality and improved customer profiles. These trends underscore the Company's emphasis on building a stronger, more resilient portfolio while positioning itself for sustainable future growth.

The Company made significant progress in strengthening its underwriting and customer acquisition framework during FY26, resulting in improved credit selection and portfolio quality. Approval rates increased steadily from

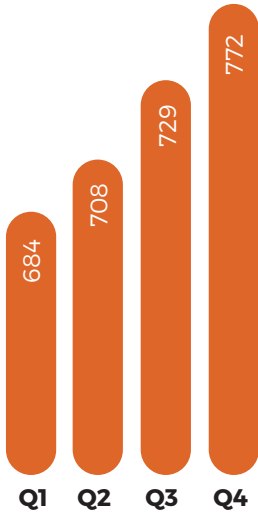
approximately 12-15% at the beginning of the year to around 30% by Q4 FY26, bringing the Company closer to industry benchmarks while maintaining disciplined risk standards. Customer retention remained a key strength, with existing borrowers contributing approximately 73% of total disbursements during the fourth quarter. Going forward, management aims to achieve a balanced portfolio mix, targeting approximately 60-65% repeat customers and 35-40% new customer acquisitions, thereby supporting sustainable growth while preserving asset quality and portfolio stability.

MSME Portfolio Performance

The MSME business continued to emerge as a key growth engine and strategic diversification pillar for the Company during FY26. The portfolio demonstrated steady expansion throughout the year, with MSME Assets Under Management (AUM) increasing from Rs. 673 Crore in FY25 to Rs. 772 Crore in FY26, representing a growth of approximately 14.8% over the beginning of the year. This performance reflects the Company's focused efforts to build a high-quality, secured MSME portfolio while broadening its lending franchise beyond the core microfinance business.

The MSME portfolio continued to maintain a secured and relatively low-risk profile during the year, with approximately 98% of the portfolio backed by collateral and an average loan-to-value (LTV) ratio of around 42%. The portfolio generated an internal rate of return (IRR) of approximately 21.96%, while the customer base remained fully compliant with regulatory requirements, with 100% of borrowers registered under UDYAM. Collection efficiency also remained strong, supported by increasing digital adoption, with digital collections exceeding 94% in Q4 FY26.

MSME AUM (Rs in crore)



Insurance Distribution

During FY 2025-26, the Company significantly strengthened its insurance distribution capabilities, expanding its customer value proposition beyond credit to offer a broader suite of financial protection solutions.

Following the receipt of the IRDAI Corporate Agency Licence in October 2025, the Company successfully integrated insurance distribution into its lending and financial services ecosystem, enabling customers to access credit and insurance solutions through a single delivery platform.

Leveraging its extensive network across rural and semi-urban markets, the Company is well positioned to enhance insurance penetration, improve financial resilience among underserved communities, and support the national vision of “Insurance for All by 2047.”

During the year, the Company onboarded four life insurance partners to offer Group Credit Life insurance for its Microfinance portfolio, while also empanelling Magma General Insurance and ICICI Lombard General Insurance to provide a range of general insurance products. The introduction of the NATCAT Grih Suraksha product further strengthened customer protection by providing coverage against natural calamities and accidental damage to residential properties.

To support this business, the Company established a robust governance, regulatory compliance, technology, and operational framework, ensuring adherence to applicable regulatory requirements. The Company also successfully filed its first annual regulatory return with IRDAI within the prescribed timelines.

Recoveries and Portfolio Resolution Efforts

Fusion remained focused on enhancing recovery efforts from delinquent and written-off accounts as part of its broader asset quality and profitability improvement strategy. During the year, the Company identified a significant recovery opportunity within its written-off portfolio through bureau-based propensity assessments, enabling a more targeted and data-driven approach to collections. Dedicated recovery teams, supported by technology-led interventions, delivered encouraging outcomes and strengthened overall recovery performance.

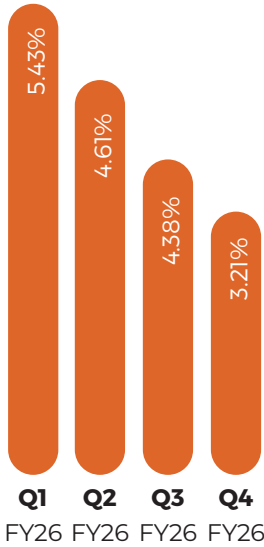
Cash recoveries from overdue and written-off accounts showed steady improvement throughout FY26, reflecting the effectiveness of these initiatives. The introduction of AI-enabled customer outreach programs further enhanced engagement levels, particularly across rural markets, contributing to improved recovery efficiency. As a result, bad-debt recoveries increased substantially to Rs. 54 crore during FY26, compared with Rs. 18 crore in FY25. Building on the progress achieved, management expects recoveries from the identified written-off portfolio pool to continue to make a meaningful contribution to earnings and cash flows over the coming quarters.

Financial Performance

The Company's financial performance improved progressively during FY26, as declining credit costs and improving operational metrics supported earnings recovery.

Credit costs declined substantially throughout the year, reflecting improved portfolio behaviour and lower incremental stress. Q3 FY26 marked the first profitable quarter following the industry stress cycle.

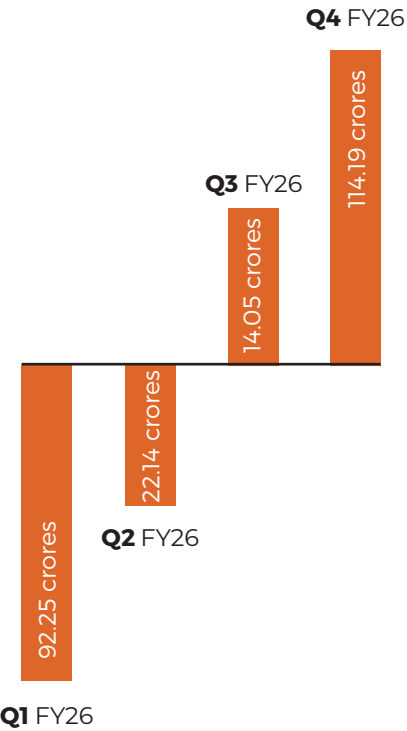
GNPA (%)



Collection performance strengthened steadily throughout FY26, reflecting the effectiveness of the Company's focused recovery efforts, disciplined portfolio management, and enhanced collection processes. Current bucket collection efficiency improved significantly from 98.44% in Q4 FY25 to average collection efficiency for Q4 FY26 increased to 99.66% . The performance of the newly originated portfolio remained particularly robust, with collection efficiency consistently exceeding 99.5%, underscoring the quality of recent disbursements and strengthened underwriting standards.

The composition of the portfolio also improved markedly during the year, with the share of the new book increasing from 40 % of the portfolio in Q1 FY26 to 87% by March 2026. At the same time, borrower leverage levels declined substantially as the Company continued to prioritize lower-risk customer segments and maintain prudent credit selection practices. The proportion of customers associated with more than three lenders reduced significantly over the course of the year, while the majority of new disbursements were directed toward borrowers with healthier leverage profiles. These measures contributed to a meaningful improvement in early delinquency trends, with the 1-30 days past due (DPD) bucket declining significantly during FY26, further reinforcing the strengthening trajectory of overall asset quality.

Profit after Tax





Financial Summary

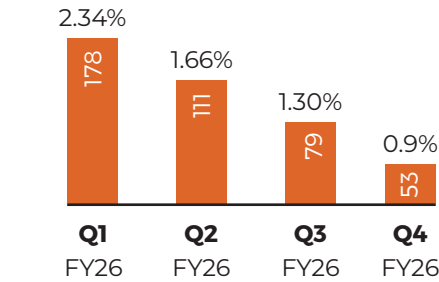
(₹ in crores unless otherwise stated)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations		
Interest Income	1,532.52	2,134.22
Fees and commission Income	15.78	15.14
Net gain on fair value changes	30.38	81.26
Net gain on derecognition of financial instruments under amortized cost category	57.21	89.14
Other operating income	62.64	24.18
Total Revenue from operations	1,698.53	2,343.94
Other Income	33.97	24.95
Total Income	1,732.50	2,368.89
Expenses		
Finance Costs	538.72	843.85
Impairment on financial instruments	425.17	1,869.49
Employee benefits expenses	616.92	573.24
Depreciation and amortization	9.60	11.67
Other expenses	205.02	203.65
Total Expenses	1,795.43	3,501.90
Profit/(Loss) before tax for the year	(62.93)	(1,133.01)
Tax Expense/(Credit):		
Current Tax	-	-
Deferred Tax	(76.78)	91.53
Profit/ (Loss) for the year	13.85	(1,224.54)
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains on defined benefit plans	3.10	1.28
Income tax effect	(0.78)	-
Items that will be reclassified subsequently to profit or loss		
Cash flow hedge	(2.94)	-
Income tax effect	(1.63)	-
Total Other Comprehensive Income for the year	(2.25)	1.28
Total Comprehensive Income for the year	11.60	(1,223.26)

Key ratios FY 25-26

Particulars	FY 2025-26	FY 2024-25	Reason for Significant Change i.e. more than 25%
(i) Debtors Turnover	NA	NA	-
(ii) Inventory Turnover	NA	NA	-
(iii) Interest Coverage Ratio	NA	NA	-
(iv) Current Ratio	NA	NA	-
(v) Debt Equity Ratio	2.27	3.90	Increase in Equity due to infusion of equity funds via Rights issue and decrease in Debt due to repayment of borrowings
(vi) Operating Profit Margin (%)	NA	NA	-
(vii) Net Profit Margin (%)	0.80%	-51.69%	The Company has been turned into profit from losses due to which net profit margin has been improved
(viii) Return on Net Worth	0.68%	-54.53%	The Company has been turned into profit from losses due to which return on net worth has been improved
Other			
a) Capital to risk weighted assets ratio (CRAR)	36.46%	22.42%	Increase in Total Capital due to infusion of equity funds via Rights issue
(b) Tier I CRAR	36.35%	20.89%	Increase in Tier-I Capital due to infusion of equity funds via Rights issue
(c) Tier II CRAR	0.11%	1.53%	Decrease of Tier-II Capital due to decrease in impairment on Stage I
(d) Liquidity Coverage Ratio	335.09%	206.09%	Increase in LCR due to decrease in net cash outflows and increase in liquidity fund

Quarterly Credit Costs (Rs in crore) (not annualised)



For FY26, the Company reported a Profit After Tax (PAT) of 13.9 crore, which included the recognition of Deferred Tax Assets (DTA) amounting to Rs. 76.8 crore. Asset quality trends strengthened significantly during the year, with credit costs declining by 77% year-on-year from Rs. 1,869.5 crore in FY25 to Rs. 425.2 crore in FY26. This improvement was further evident in Q4 FY26, where credit costs reduced to Rs. 53 crore compared to Rs. 253 crore in the corresponding quarter of the previous year. Operating expenses increased moderately by 5.5% year-on-year to Rs. 831.5 crore in FY26 from Rs. 788.6 crore in FY25, primarily driven by continued investments in technology, talent, and branch expansion. The Company's Net Interest Margin (NIM) expanded substantially to 10.77% in FY26, from 10.21% in FY25, representing

an improvement of 56 bps, supported by portfolio repricing initiatives and a stable cost of funds.

The Company's balance sheet remained well-capitalised and resilient, supported by a strong Capital to Risk-Weighted Assets Ratio (CRAR) of 36.46%. Liquidity levels continued to be robust, with cash, cash equivalents, and liquid investments aggregating to Rs. 1,913 crore, representing 23.06% of total assets and providing substantial financial flexibility to support future growth.

Capital Position, Liquidity and Funding
The Company maintained a strong capital and liquidity profile during FY26.

The Company successfully completed its Rights Issue of Rs. 799.86 crore during the year, which was subscribed 1.53 times. The proceeds are deployed primarily toward augmenting the Company's AUM (advances)

With this additional capital raised, the CRAR improved to 36.46% as on March 31, 2026, while leverage remained moderate.Liquidity remained robust at Rs. 1,913 crore (23.06% of total assets) as of March 2026, supported by Rs. 2,040 crores (including Direct Assignment) of borrowing drawdowns in Q4 FY26. Additionally, the Company had sanctions in hand of Rs. 1,245 Crore, as at 31st March 2026.

Debt mobilisation strengthened considerably during FY26, reflecting improving lender confidence, enhanced stakeholder



engagement, and the Company's continued progress in asset quality and operational performance. Funding relationships broadened during the year, enabling greater access to capital and reinforcing the Company's liquidity position.

With the improvement in asset quality and financial metrics, the covenants coverage under various debt facilities improved significantly. The Company's liquidity position, capital adequacy and funding access strengthened materially during FY26, reinforcing confidence in its long-term operating outlook.

Disclosure of Accounting Treatment

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction.

Technology and Operational Transformation

Fusion continued to advance its digital transformation agenda during FY26 by investing in technology platforms and process enhancements aimed at improving operational efficiency, strengthening controls, and delivering superior customer experience. Digital collection adoption increased significantly over the year, supported by the successful rollout of digital receipting capabilities, which enhanced collection transparency, convenience, and operational effectiveness.

The Company has also been making substantial progress in modernising its core technology infrastructure through the phased upgrade of its Loan Management System (LMS) and Loan Origination System (LOS). These initiatives are expected to enhance scalability, streamline processes, improve turnaround times, and support future business growth. In parallel, Fusion introduced AI-enabled collection solutions to strengthen customer engagement, improve recovery outcomes, and enhance monitoring of overdue accounts through more targeted and data-driven interventions.

Leadership and Governance Strengthening

FY26 witnessed significant enhancements in leadership and governance, reinforcing the Company's institutional strength and strategic direction. During the year, Mr. Sanjay Garyali was appointed as Managing Director & CEO, succeeding Mr. Devesh Sachdev. The Company also strengthened its Board and senior management team through a series of key appointments, including the induction Directors with diverse expertise. A detailed disclosure related to changes in Directors, Key Managerial Personnels and Senior Managerial Personnels are provided under Corporate Governance Report annexed as **Annexure-1** of Annual Report.

Outlook

The Company remains committed to pursuing sustainable growth while maintaining a strong focus on prudent risk management, disciplined underwriting practices, and robust collection efficiencies. Supported by improving asset quality trends, diversified and strengthened funding access, a healthy capital position, and continued investments in technology and digital capabilities, the Company is well-positioned to deliver sustainable and profitable growth. At the same time, it remains agile and responsive to evolving macroeconomic conditions, ensuring long-term value creation for all stakeholders. While asset quality trends have improved materially, the Company remains vigilant regarding borrower leverage, political developments, weather-related disruptions and evolving regulatory environment.

During FY26, Fusion Finance reduced its marginal cost of borrowing by 252 basis points, from 13.3% in Q1 FY26 to 10.8% in Q4 FY26, while maintaining an average borrowing cost of 10.3% for the year. The decline underscores the Company's improving credit profile, disciplined financial management and deepening relationships with banks and financial institutions.

The steady decline in our marginal cost of borrowing reflects the confidence that our lending partners continue to place in Fusion Finance's business model, governance standards, asset quality focus and long-term growth strategy. This improvement strengthens our ability to deliver sustainable growth, enhance profitability and expand financial inclusion across underserved communities.

The lower cost of funds is expected to contribute positively to operating margins and profitability over time, while enabling the Company to remain competitive in serving its customer segments. As the microfinance sector progresses towards a more stable operating environment, Fusion Finance remains focused on maintaining financial discipline, strengthening asset quality and creating long-term value for all stakeholders through responsible and inclusive lending practices.

Management Perspective on FY27

FY26 was a year of stabilization and foundation-building for the Company. Through disciplined execution, strengthened risk management, improved collection efficiencies, enhanced funding access, and focused portfolio optimisation, the Company has emerged from a challenging industry cycle with a stronger balance sheet, healthier asset quality, and improved profitability.

As the microfinance industry enters a recovery phase, the Company believes FY27 offers significant opportunities for sustainable growth. Management remains committed to a balanced approach that prioritizes portfolio quality, prudent underwriting, disciplined customer selection, and risk-adjusted returns over rapid expansion.

Supported by a strong capital position, improving asset quality trends, diversified funding relationships, and an experienced leadership team, the Company is well-positioned to pursue sustainable growth and create long-term value for all stakeholders in FY27 and beyond.

INTERNAL CONTROL AND ITS ADEQUACY

The Company maintains a robust Internal Audit framework designed to provide independent assurance on the adequacy and effectiveness of governance, risk management, and internal control systems. The Internal Audit function operates in accordance with a Board-approved Internal Audit Policy and applicable regulatory requirements, adopting a Risk-Based Internal Audit (RBIA) approach to ensure that audit activities align with the Company's risk profile and business priorities.

Through structured risk assessments, audit coverage across MFI and MSME branches, as well as Corporate and Support Functions, is determined by their respective risk ratings. Audit frequency and scope are accordingly aligned to the identified risk levels. The annual audit plan, approved by the Board, and its implementation progress are reviewed quarterly by the Audit Committee to ensure timely execution, adherence to the established audit framework, and effective closure of audit observations.

Through these initiatives, the Internal Audit function will continue to support the Board and senior management by providing independent assurance and contributing to a stronger, more resilient control environment across the organization.

Human Resources

Our people remain central to our ability to deliver responsible financial solutions while creating long-term value for customers, communities and stakeholders. As a diversified financial services institution serving the Microfinance and MSME segments, we recognize that organizational capability, customer engagement and prudent risk management are driven by the quality, commitment and professionalism of our workforce.

During FY2025-26, the Company continued to strengthen its human capital through focused talent acquisition, capability development and leadership initiatives aligned with its business priorities. Structured learning programmes were conducted across credit underwriting, collections, risk management, regulatory compliance, customer service, digital platforms and responsible lending practices. Particular emphasis was placed on strengthening field-force capabilities to enhance customer engagement while maintaining robust governance standards and operational discipline.

The Company continues to foster an inclusive, high-performance culture founded on integrity, accountability, collaboration and continuous learning. Employee well-being, workplace safety, diversity, equal opportunity and ethical conduct remain integral to our people philosophy. We also continue to strengthen our performance management, succession planning and recognition

frameworks to build leadership capability, encourage meritocracy and retain high-performing talent.

As the Company continues to expand its presence across the Microfinance and MSME ecosystem, we remain committed to building a resilient, agile and future-ready workforce capable of driving sustainable growth, strengthening customer relationships, managing evolving business risks and supporting the Company's long-term strategic objectives.

RISKS AND CONCERNS

Risk management is embedded in the Company's operating framework. The Company believes that managing risks helps in maximizing returns, ensuring a quality portfolio, process optimization and no surprises.

The Company has integrated risk management practices into governance and operations. An appropriate risk framework, i.e., policies, processes, systems, and tools, has been established to identify, measure, monitor, report, and mitigate all material identified risks. The company follows a 3-line-of-defense approach to managing risks. The first line of defense comprises the various Business and Support functions; the second line comprises the Risk Management and Compliance function; and the third line of defense comprises the Internal Audit function.

Risk Management policies and processes have been designed for periodic review and mitigation of all the material risks faced by the organization, including credit risk, market risk, operational risk, reputation risk, liquidity risk, technology risk, business and strategic risk, legal and compliance risk. These policies are reviewed annually to ensure that any changes in the macro or internal business environment are reflected in the Company's operating framework. The Risk Management Plan provides the basis for the detailed implementation of risk management strategies and practices.

The Risk Management function at Fusion is an enterprise-wide, independent function backed by a qualified team of specialists with deep industry experience who develop frameworks and methodologies to assess and mitigate risks. It further provides periodic reports to Management and the Board Risk Committee that encompass the Company's risk profile across various risk areas, enabling relevant stakeholders to make timely and informed decisions.

CAUTIONARY STATEMENTS

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 a significant difference to the Company's Operations. These include climatic and economic conditions that affect demand and supply, government regulations, taxation, and natural calamities, over which the Company has no direct control.

ANNEXURE - 4

1. Brief outline on CSR Policy of the Company:

The CSR Policy of the Company is aligned with the overall vision of the Company. Through its CSR initiatives, Fusion Finance Limited (FFL) is dedicated to enhancing value creation in the society and communities where it operates. This policy serves as a framework for implementing CSR programs/projects aimed at promoting sustained growth for society and communities. In fulfilling this role, FFL acts as a socially responsible corporate entity with environmental concerns, while also reflecting the Company's vision, mission, and focus areas of development.

The CSR Policy is formulated in accordance with the requirements of Section 135 of the Companies Act 2013 and CSR Rules, 2014 as amended from time to time. Being a socially responsible organization, FFL believes in optimizing the impact of its CSR activities. FFL has adopted a multi-fold approach for CSR and will primarily focus on but not limited to:

- Education and skill development
- Environment sustainability & Sanitation
- Community empowerment and livelihood and other need-based initiatives
- Disaster relief and rehabilitation Initiatives
- Health & Hygiene

2. Composition of CSR Committee as on March 31, 2026:

Sl. No.	Name of Director#	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	Ms. Ratna Dharashree Vishwanathan (Chairperson)	Independent Director	4	3
ii.	Mr. Devesh Sachdev*	Managing Director (resigned)	3	3
iii.	Mr. Puneet Gupta (Member)	Independent Director	4	4
iv.	Mr. Sanjay Garyali** (Member)	Managing Director & Chief Executive Officer	2	2

*Mr. Devesh Sachdev resigned from the position of Managing Director w.e.f November 04, 2025.
**Mr. Sanjay Garyali was appointed as the Managing Director & Chief Executive Officer w.e.f September 30, 2025.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

Composition of CSR Committee: <https://fusionfin.com/composition-of-committee/>

CSR Policy: <https://fusionfin.com/wp-content/uploads/2024/08/CSR-policy.pdf>

CSR Programs/Projects: <https://fusionfin.com/csr/>

4. The Company remains committed to progressively strengthening diversity representation and fostering an inclusive, equitable, and respectful workplace culture.

5.(a) Average net profit of the company as per section 135(5): **Rs. 15,03,89,572**

(b) Two percent of average net profit of the company as per section 135(5): **Rs. 30,07,791**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**

(d) Amount required to be set off for the financial year, if any: **NIL**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs. 30,07,791**

6.(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Rs. 3,54,07,791.95**

(b) Amount spent in Administrative Overheads: **Rs. 99,999.68**

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

(d) Total Amount spent for the financial Year [(a)+(b)+(c)]: **Rs. 3,55,07,791.63**

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)-.		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 3,55,07,791.63		Nil		NA	

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

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 30,07,791
(ii)	Total amount spent for the Financial Year	Rs. 3,55,07,791.63
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 3,25,00,000.63
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 3,25,00,000.63*

*Amount will neither be carried forward nor set off in future.

6. Details of Unspent CSR amount for the preceding three financial years: **NA**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under 135(6) (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to a fund as specified under Schedule VII as per second proviso to 135(5), if any	Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, If any
					Amount (in Rs)	Date of transfer	
NA							

7. Whether any capital assets have been created or acquired through Corporate Social Responsibility Amount spent in the Financial Year. **No**

If Yes, enter the number of capital assets created/ acquired: **NA**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **NA**

ANNEXURE - 5

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

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration number, if applicable	Name	Registered address
(1)	(2)	(3)	(4)	(5)	(6)		
NA							

(All the fields should be captured as appearing in the revenue record, flat no, House no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

8. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: **NA**

By order of the Board of Directors of Fusion Finance Limited

Sd/-
Sanjay Garyali
DIN: 11046442
Managing Director &
Chief Executive Officer

Place: Gurugram
Dated: May 15, 2026

Sd/-
Puneet Gupta
DIN: 02728604
Chairperson of CSR Committee

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;	Mr. Sanjay Garyali, MD & CEO: 459/1 Mr. Devesh Sachdev, Former MD^ Ms. Namrata Kaul: 20/1* Ms. Ratna Dharashree Vishwanathan: 20/1* Mr. Puneet Gupta 20/1* ^Since the remuneration is only for part of the year, the ratio of the remuneration of Mr. Devesh Sachdev, to the median remuneration of employees, is not comparable and, therefore, has not been stated *Commission paid (excluding sitting fees) to Independent directors considered as remuneration for the purpose of calculation of ratio of remuneration paid to independent directors in ratio of the median remuneration paid to the employees.
(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;	Mr. Sanjay Garyali, MD & CEO Since the remuneration, in the previous Financial Year was only for part of the year, the percentage increase in the remuneration of paid to Mr. Sanjay Garyali, MD & CEO, is not Comparable and therefore not stated. Mr. Krishan Gopal, Chief Financial Officer Mr. Vikrant Sadana, Company Secretary & Compliance Officer Since the remuneration is only for part of the year and Mr. Krishan Gopal and Mr. Vikrant Sadana, were appointed as KMP during FY25-26, therefore, percentage increase in remuneration has not been stated. Mr. Devesh Sachdev, Former MD Mr. Deepak Madaan, Former Company Secretary & Chief Compliance Officer Mr. Gaurav Maheshwari, Former Chief Financial Officer Since the remuneration is only for part of the year, the percentage increase in the remuneration of Mr. Devesh Sachdev, Mr. Gaurav Maheshwari and Mr. Deepak Madaan, is not comparable and, therefore, has not been stated.
(iii)	the percentage increase in the median remuneration of employees in the financial year;	8.21% (for the financial year 25-26)
(iv)	the number of permanent employees on the rolls of company as on March 31, 2026;	12021
(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 i.e. 14.5%, is not comparable with the managerial remuneration, as stated above.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes



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

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

Sr. NO.	Employee Name	Designation	Qualification	Remuneration Received (Amount in Rs.)	Nature of employment	Date of Commencement of Employment	Age	Experience (In Years)	Last Employment Details	% of equity shares held by the employee in the Company	Whether relative of any director/ manager of the company and if so, name of such director or manager
1	Mr. Sanjay Garyali	Managing Director & Chief Executive Officer	MBA	4,19,27,100	Full time	17-Mar-25 – CEO, 18-08-25 WTD, 30-Sep-25 – MD	55	29	L&T Finance Limited	0%	No
2	Mr. Devesh Sachdev#	Former Managing Director	MBA	2,85,30,438	Full Time	1-Jan-10 (resigned w.e.f 30-09-2025 from the position of MD and 04-11-2025 from the directorship of the Company)	53	27	BSA Logistics Limited	2.08%	No
3	Mr. Sanjay Mahajan	Former - Chief Information Officer	MCA	1,85,81,579	Full Time	22-Apr-23 (resigned w.e.f 20-03-2026)	57	33	SAS Commercial Studio	0%	No
4	Mr. Sunil Mundra	Chief Operating Officer- MFI	PGDBM	1,52,35,880	Full time	16-Sep-24	48	25	RBL Bank Limited	0%	No
5	Mr. Anurag Srivastava	Chief Credit Officer	MMS	1,12,07,676	Full time	25-Jun-25	51	27	Courts Malaysia	0%	No
6	Mr. Amandeep Singh	Interim – Chief Financial Officer - resigned	CA/ CS/M. COM	99,11,297	Full time	26-Sep-22 (designated as Interim CFO w.e.f 26-06-2025 and resigned from the position of Interim CFO w.e.f 17-01-2026)	40	16	Bharat Electronics Limited	0%	No
7	Mr. Sanjay Vishwanath Choudhary	Chief Risk Officer	CA	98,28,110	Full time	2-Sep-20	51	26	Satin Credit Care	0%	No
8	Ms. Pooja Mehta	Chief Human Resource Officer	PGDPM & IR, HR	94,89,313	Full time	16-Sep-22	50	28	Consulting	0%	No
9	Mr. Ankush Ahluwalia	Chief Business Officer - resigned	MBE	90,73,769	Full time	3-Aug-15 (resigned w.e.f 16-12-2025)	47	25	Magma Fincorp Limited	0.02%	No
10	Mr. Jitender Sharma	Deputy Chief Operating Officer – MSME	CA	89,62,583	Full time	11-Aug-25	43	19	Kotak Mahindra Bank	0%	No

#Additionally, Mr. Devesh Sachdev has received an amount of Rs. 9,29,33,085 as full & final settlement including gratuity, LTA, leave encashment, bonus, ex-gratia, perquisites.

B. Name of every employee of the company who –

- a. 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:

Empl oyee Name	Design ation	Qualif ication	Remune ration Received (Amount in Rs.)	Nature of employ ment	Date of Commen cement of Emplo yment	Age	Exper ience (In Years)	Last Employ ment Details	% of equity shares held by the employee in the Company	Whether relative of any director/ manager of the company and if so, name of such director or manager
Mr. Sanjay Garyali	Managing Director & Chief Executive Officer	MBA	4,19,27,100	Full Time	17-Mar-25 – CEO, 18-08-25 WTD 30-Sep-25 – MD	55	29	L&T Finance Limited	0%	NA
Mr. Sunil Mundra	Chief Operating Officer- MFI	PGDBM	1,52,35,880	Full Time	16-Sep-24	48	25	RBL Bank Limited	0%	NA

- 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:

Employee Name	Design ation	Qualif ication	Remune ration Received (Amount in Rs.)	Nature of employ ment	Date of Commen cement of Emplo yment	Age	Exper ience (In Years)	Last Employ ment Details	% of equity shares held by the employee in the Company	Whether relative of any director/ manager of the company and if so, name of such director or manager
Mr. Devesh Sachdev	Former - Managing Director	MBA	2,85,30,438	Full time	01-01-10 (resigned w.e.f 30-09-2025 from the position of MD and 04-11-2025 from the directorship of the Company)	53	27	BSA Logistics Limited	2.08%	No
Mr. Sanjay Mahajan	Former - Chief Information Officer	MCA	1,85,81,579	Full time	22-Apr-23 (resigned w.e.f 20-03-2026)	57	33	SAS Commercial Studio	0%	No
Mr. Anurag Srivastava	Chief Credit Officer	MMS	1,12,07,676	Full time	25-Jun-25	51	27	Courts Malaysia	0%	No

- 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 of Fusion Finance Limited

(Formerly known as Fusion Micro Finance Limited)

Sd/-

Sanjay Garyali

Managing Director & Chief Executive Officer

DIN: 11046442

Sd/-

Namrata Kaul

Director

DIN: 00994532

Place: Gurugram

Dated: May 15, 2026

INDEPENDENT AUDITOR’S REPORT

To The Members of Fusion Finance Limited
(Formerly Fusion Micro Finance Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Fusion Finance Limited (Formerly Fusion Micro Finance Limited)** ('the Company'), which comprise the Balance Sheet as at 31 March 2026, and the Statement of Profit And Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the Financial Statements, including a summary of material accounting policy and other explanatory information ('the Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended, ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the State of Affairs of the Company as at 31 March 2026, and its Profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute

of Chartered Accountants of India ('ICAI') 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 opinion on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

S. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of the Company	
	Subjective estimates: Under Ind AS 109, “Financial Instruments”, allowance for loan losses are determined using expected credit loss (‘ECL’) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates and therefore increased levels of audit focus in the Company’s estimation of ECLs, which are as under: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company’s modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic indicators. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. • The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, involving estimations and judgements, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole.	Our key audit procedures included: • Review of Board approved policy and approach note concerning the assessment of credit and other risks and ascertainment/ageing of ‘default” by the borrowers and procedures in relation to stages and ECL computation. • Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information. • Understanding management’s approach, interpretation, systems and controls implemented in relation to probability of default and stagewise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. • Testing and review of controls over measurement of provisions and disclosures in the Financial Statements. • Understanding of models and general economic indicator criteria used for regression testing over data of the loan book. Substantive verification • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through selective re-performance, wherever possible. • Assessing disclosures – Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Financial Statements are appropriate and sufficient as also aligned to regulatory requirements.



S. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	Information Technology IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These includes implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	In course of audit, we obtained an understanding of the Company's business and IT environment and key changes if any during the audit period that may be relevant to the audit. We performed a range of audit procedures, which included: - Deployed our internal experts to carry out IT general controls testing and identifying gaps, if any - Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) - Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission and were considered as key internal controls over financial reporting - Tested the Company's periodic review of access rights and also tested requests of changes to systems for approval and authorization.

Other Matters

- As stated in Note 61 to the financial Statement, the predecessor auditors, Deloitte Haskins & Sells, vide their audit report dated 23 May 2025 have issued qualified opinion for the comparative information presented in the Statement which has been reproduced below:

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

- sufficient and appropriate evidence, we are unable to comment on the Company's basis of impracticability to evaluate and determine whether any retrospective adjustment should have been made to previously reported amounts in any of prior period presented.
- Attention is drawn to the fact that the audit of financial statements of the Company for the financial year ended 31 March 2025 were carried out by the predecessor auditors, Deloitte Haskins & Sells, whose report dated 23 May 2025, expressed a modified opinion on those financial results.

Our opinion is not modified in respect of these matters.

Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Financial Statements and our auditors' report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the State of Affairs, profit and Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in conformity with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. 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 of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) 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 the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.
 - e) On the basis of the written representations received from the directors as on 31 March 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
 - g) According to the explanations given to us, the remuneration paid to director is in excess by Rs. 14.83 crores compared to the limit laid down under Section 197 of the Act for which approval has been obtained by the Company in the Annual General Meeting held on 22 July 2025.
 - 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 has disclosed the impact of pending litigations as at 31 March 2026 on its financial position in its Financial Statements – Refer Note 52(d) to the Financial Statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts –Refer Note 52(e) to the financial statements;
- iii. There were no amount which required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv.(a) The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall,

whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c) Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para iv) a) and iv) b) above contain any material misstatement.
- v. In our opinion and according to information and explanation given to us, the Company has not declared or paid dividend during the year, accordingly compliance with section 123 of the Act by the Company is not applicable.
- vi. Based on our examination which included test checks, the Company, in respect of financial year commencing on 1 April 2025, has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

Furthermore, audit trail feature for two accounting software was not maintained for the year ended March 31, 2024, hence reporting under Rule 11(g) of the companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable in respect to those software.

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

Sd/-
Shirish Rahalkar
(Partner)
Membership No. : 111212
UDIN: 26111212UCOBBT4051

Place: Gurugram
Date: 15 May 2026



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

on the Financial Statements of Fusion Finance Limited (Formerly Fusion Micro Finance Limited) for the year ended 31 March 2026 (Referred to in paragraph under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- I.(a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (‘PPE’). The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified once in two year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, PPE were physically verified by the Management during the year. As informed to us, based on physical verification of PPE conducted by the management, no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable properties and hence reporting under clause (i) (c) of the order is not applicable.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- II.(a) The Company does not have any inventory since its principal business is to give loans, hence physical verification of inventory and accordingly reporting under clause 2(ii)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. Hence, reporting on the quarterly returns or statements filed by the Company with such banks or financial institutions is not applicable.
- iii.(a) Since the Company’s principal business is to give loans, accordingly, reporting under clause 3(iii)(a) of the Order are not applicable to the Company.

- (b) In our opinion and according to the information and explanations given to us, the investments made and the terms and conditions of the grant of all loans are not prejudicial to the Company’s interest. According to information and explanations provided to us, the Company has not provided any guarantees during the year.
- (c) In respect of loans and advances in the nature of loans (together referred to as ‘loan assets’), the schedule of repayment of principal and payment of interest has been stipulated. Note no. 2.3 to the financial statements explains the Company’s accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balance as at March 31, 2026, aggregating Rs. 201.00 crores were categorized as credit impaired (‘Stage 3’) and Rs. 63.07 crores were categorized as those where the credit risk has increased significantly since initial recognition (‘Stage 2’). Disclosures in respect of such loans have been provided in note no. 6 to the financial statements. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company’s business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where delinquencies in the repayment of principal and interest have been identified.
- (d) In respect of loans granted and advances in the nature of loans, provided by the Company, the total amount overdue for more than ninety days as on March 31, 2026 is as Rs. 201.00 crores. Reasonable steps have been taken by the Company for recovery of the principal and interest wherever applicable.
- (e) Since the Company’s principal business is to give loans, accordingly reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) Based on our audit procedures and the information and explanations made available to us, the Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment. Accordingly, reporting under clause 3(ii)(f) of the Order is not applicable to the Company.
- IV. In our opinion and according to the information and explanations given to us, the Company has not

granted any loans, made investments, or provided guarantees in contravention of provisions of section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; as informed, the other provisions of section 186 of the Act are not applicable to the Company.

- V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and hence reporting under clause 3(vi) of the Order is not applicable to the Company.

- vii.(a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees’ state insurance, professional tax, income tax, Goods and Services Tax and other material statutory dues applicable to it, have been generally regularly deposited by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, professional tax, income tax, Goods and Services Tax and other material statutory dues as at 31 March 2026 for a period of more than six months from the date they became payable.
- (b) Details of the statutory dues referred in sub clause (a) above which have not been deposited as on March 31, 2026 on account of disputes are given below:-

Name of the statute	Nature of the Dues	Forum where dispute is pending	Period to which the amounts relates (financial year)	Disputed Amount (Rs. In crore)	Amount paid under protest (Rs. In crore)
Goods & Service Tax Act	Goods & Service Tax	Additional Commissioner Gr.2 (Appeal) Varanasi	2017-18	0.01	NIL
Goods & Service Tax Act	Goods & Service Tax	Delhi GST State authority (Sales Tax Officer-Class II/ AVATO)	2019-20	0.05	NIL
Goods & Service Tax Act	Goods & Service Tax	Delhi GST State authority (GSTO)	2023-24	0.01	NIL
Goods & Service Tax Act	Goods & Service Tax	Assistant Commissioner- GST Bhopal	2023-24	0.01	NIL
Goods & Service Tax Act	Goods & Service Tax	UP GST State authority	2023-24	0.01	NIL

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of accounts which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix(a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary parking of funds for few days pending utilizations towards purpose for which the same are obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, on an overall examination of the financial statements of the Company and further considering the Asset Liability management mechanism of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

e) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, reporting under clause (ix) (e) & (f) of the Order are not applicable to the Company.

X.(a) The Company has raised moneys by way of Right issue during the year amounting to Rs. 799.86 crore out of which company has utilised Rs. 396.42 crore for the purpose it was raised and remaining Rs. 403.44 crores is unutilised balance.

(b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential

allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi.(a) Based upon the audit procedures performed and according to the information and explanations given by the management, there were no instances of material fraud by the Company or on the Company, except for cases as identified by the management relating to cash embezzlement by employees amounting to Rs. 2.70 Crores.

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

(c) According to the information and explanations given to us, there were no whistle blower complaints received by the Company during the year and up to the date of this report.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv.(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have taken into consideration, the internal audit reports for the period under audit issued to the Company till the date of Auditors' Report for determining the nature, timing and extent of audit procedures

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors.

Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi.(a) The Company, is registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial activities without obtaining a valid Certificate of Registration ('CoR') from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. The company has not conducted any housing finance activities hence is not required to obtain CoR for the such activities from the RBI.

(c) The Company is not a Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India.

(d) There are no other companies part of the Group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in the financial statements which describe the maturity analysis of assets & liabilities and other information accompanying the financial statements, our knowledge of the Board of Directors and

Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx.(a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount on account of ongoing projects or other than ongoing projects for the year requiring a transfer to a Fund specified in Schedule VII to the Act or special account in compliance with the provision of sub-section (6) of section 135 of the Act.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in Note 36 to the Financial Statements.

xxi. According to the information and explanations given to us and based on our examination of the records of the Company, there are no subsidiaries / associates / joint ventures of the Company and hence reporting under clause 3(xxi) of the Order is not applicable to the Company.

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

Sd/-
Shirish Rahalkar
(Partner)
Membership No. : 111212
UDIN: 26111212UCOBBT4051

Place: Gurugram
Date: 15 May 2026

ANNEXURE B TO THE INDEPENDENT AUDITOR’S REPORT

on the Financial Statements of Fusion Finance Limited (Formerly Fusion Micro Finance Limited) for the year ended 31 March 2026 (Referred to in paragraph under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (‘THE ACT’).

Opinion

We have audited the internal financial controls with reference to the Financial Statements of **Fusion Finance Limited (Formerly Fusion Micro Finance Limited)** (‘the Company’) as at 31 March 2026 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Financial Statements and such internal financial controls were operating effectively as at 31 March 2026, based on the internal controls 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 (‘the Guidance Note’).

Management’s responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor’s responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to the Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (‘SA ‘), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Financial Statements. Those SAs and the Guidance Note require

that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Financial Statements were established and maintained and whether 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 with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to the Financial Statements.

Meaning of Internal Financial Controls with reference to the Financial Statements

A company’s internal financial controls with reference to the Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to the Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in

accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Financial

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

Place: Gurugram
Date: 15 May 2026

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

Sd/-
Shirish Rahalkar
(Partner)
Membership No. : 111212
UDIN: 26111212UCOBBT4051

Balance Sheet as at

March 31, 2026

(₹ in Crores)

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Assets			
Financial Assets			
Cash and cash equivalents	3	1,874.84	783.05
Bank balance other than cash and cash equivalents	4	130.60	70.00
Receivables			
Trade receivables	5	7.40	3.70
Other receivables		-	-
Loans	6	6,000.83	7,261.15
Investments	7	2.06	2.07
Other financial assets	8	97.89	59.04
Derivative financial instrument	15	35.11	-
Total financial assets		8,148.73	8,179.01
Non-financial Assets			
Current tax assets (net)	9	6.12	33.61
Deferred tax assets (net)	10	76.39	-
Property, plant and equipment	11	10.73	15.44
Right of use assets	12	13.84	9.11
Other intangible assets	13	1.55	2.89
Intangible assets under development	13	18.93	2.38
Other non-financial assets	14	18.51	50.23
Total non-financial assets		146.07	113.66
Total assets		8,294.80	8,292.67
Liabilities & Equity			
Liabilities			
Financial Liabilities			
Derivative financial instrument	15	-	0.17
Payables			
Trade payables	16		
total outstanding dues of micro enterprises and small enterprises		1.86	1.85
total outstanding dues of creditors other than micro enterprises and small enterprises		30.48	17.10
Other payables			
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	17	305.93	145.00
Borrowings (other than debt securities)	18	5,210.60	6,203.24
Subordinated liabilities	19	54.23	53.78
Other financial liabilities	20	201.12	183.82
Total financial liabilities		5,804.22	6,604.96
Non-financial Liabilities			
Current tax liabilities (net)	21	-	-
Provisions	22	14.61	16.00
Other non-financial liabilities	23	20.04	28.38
Total non-financial liabilities		34.65	44.38
Total liabilities		5,838.87	6,649.34
Equity			
Equity share capital	25	161.52	100.65
Other equity	26	2,294.41	1,542.68
Total equity		2,455.93	1,643.33
Total liabilities & equity		8,294.80	8,292.67

Material accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **B. K. Khare & Co.**

Chartered Accountants

ICAI Firm Registration Number: 105102W

Sd/-

Shirish Rahalkar

Partner

Membership Number : 111212

Place: Gurugram

Date: May 15, 2026

for and on behalf of the Board of Directors of

Fusion Finance Limited

CIN : L65100DL1994PLC061287

Sd/-

Sanjay Garyali

Managing Director & CEO

DIN : 11046442

Sd/-

Krishan Gopal

Chief Financial Officer

M. No. 507108

Sd/-

Namrata Kaul

Director

DIN : 00994532

Sd/-

Vikrant Sadana

Company Secretary and Compliance Officer

M. No. A36584

Statement of profit and loss

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations			
Interest income	27	1,532.52	2,134.22
Fees and commission income	28	15.78	15.14
Net gain on fair value changes	29	30.38	81.26
Net gain on derecognition of financial instruments under amortised cost category	30	57.21	89.14
Other operating income	31	62.64	24.18
Total revenue from operations		1,698.53	2,343.94
Other income	32	33.97	24.95
Total income		1,732.50	2,368.89
Expenses			
Finance costs	33	538.72	843.85
Impairment on financial instruments	34	425.17	1,869.49
Employee benefits expenses	35	616.92	573.24
Depreciation and amortization	11-13	9.60	11.67
Other expenses	36	205.02	203.65
Total expenses		1,795.43	3,501.90
Profit/(loss) before tax for the year		(62.93)	(1,133.01)
Tax expense/(credit):			
Current tax	37	-	-
Deferred tax	37	(76.78)	91.53
Profit/(loss) for the year		13.85	(1,224.54)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on defined benefit plans		3.10	1.28
Income tax effect on above		(0.78)	-
Items that will be reclassified subsequently to profit or loss			
Cash flow hedge		(2.94)	-
Income tax effect on above		(1.63)	-
Total other comprehensive income for the year		(2.25)	1.28
Total comprehensive income for the year		11.60	(1,223.26)

Earnings per equity share (equity share par value of ₹ 10 each)

Basic (₹)	38	1.01	(111.41)
Diluted (₹)	38	1.01	(111.41)

Material accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **B. K. Khare & Co.**

Chartered Accountants

ICAI Firm Registration Number: 105102W

Sd/-

Shirish Rahalkar

Partner

Membership Number : 111212

Place: Gurugram

Date: May 15, 2026

Sd/-

Sanjay Garyali

Managing Director & CEO

DIN : 11046442

Sd/-

Krishan Gopal

Chief Financial Officer

M. No. 507108

Sd/-

Namrata Kaul

Director

DIN : 00994532

Sd/-

Vikrant Sadana

Company Secretary and Compliance Officer

M. No. A36584



Statement of Cash flowsfor the year ended March 31, 2026(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
I. Cash flow from operating activities		
Profit/(loss) before tax	(62.93)	(1,133.01)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	9.60	11.67
(Gain)/ Loss on sale of property, plant & equipment	-	1.40
Impairment of financial instruments-Loans	421.84	1,864.91
Unrealised (gain)/ loss on fair value changes	(0.06)	(0.07)
Impairment of financial instruments-other financial assets	3.33	4.58
Finance cost on lease liabilities	1.55	1.23
Net gain on sale of investments	(29.98)	(81.19)
Net gain on derecognition of financial instruments under amortised cost category	(57.21)	(89.14)
Employee share based compensation	14.26	12.89
Effective interest rate adjustment for financial instruments	(13.72)	(0.63)
Net foreign exchange differences	21.02	3.75
Fair value loss on derivative financial instruments	(28.79)	0.16
Operating cash flow before working capital changes	278.91	596.55
Movement in working capital:		
(Increase)/decrease in loans	838.48	821.81
(Increase)/decrease in trade receivables	(3.70)	10.15
(Increase)/decrease in other financial assets	15.03	124.93
(Increase)/decrease in other non- financial assets	31.72	(20.83)
(Increase)/decrease in bank balance other than cash and cash equivalents	(60.60)	8.50
Increase/(decrease) in trade payables	13.39	8.86
Increase/(decrease) in other financial liabilities	12.16	(51.24)
Increase/(decrease) in provisions	1.71	6.74
Increase/(decrease) in other non-financial liabilities	(8.34)	(27.22)
Cash flow from operations	1,118.76	1,478.25
Income tax refunded/(paid)	27.49	(30.37)
Net cash flow from operating activities (A)	1,146.25	1,447.88

Statement of Cash flowsfor the year ended March 31, 2026(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
II. Cash flow from investing activities		
Purchase of property, plant and equipments	(1.69)	(6.64)
Proceeds from sale of property, plant and equipment	0.35	3.65
Payment towards intangible assets under development	(16.55)	(3.86)
Purchase of investments	(9,300.13)	(12,289.73)
Proceeds from sale of investments	9,330.19	12,370.98
Net cash flow from investing activities (B)	12.17	74.40
III. Cash flow from financing activities		
Proceeds from issue of employee stock options	0.02	0.97
Proceeds from issue of equity shares	797.30	-
Share issue expenses	(12.61)	4.72
Repayment of debt securities	(145.00)	(56.67)
Proceeds from debt securities	310.00	-
Repayment of borrowings (other than debt securities)	(5,516.35)	(6,190.46)
Proceeds from borrowings (other than debt securities)	4,503.36	4,030.13
Payment of lease liabilities	(3.35)	(2.61)
Net cash flow from / (used in) financing activities (C)	(66.63)	(2,213.92)
Net (decrease)/increase in cash and cash equivalents (A + B + C)	1,091.79	(691.64)
Cash and cash equivalents at the beginning of the year	783.05	1,474.69
Cash and cash equivalents at the end of the year	1,874.84	783.05

Note:

- a) For disclosures relating to change in liabilities arising from financing activities, refer note 43.
- b) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7, “Statement of Cash flows”.
- c) For components of cash and cash equivalents as at March 31, 2026 and March 31, 2025, refer note 3.
- d) Cash flow from operating activities includes interest received of ₹ 1,504.71 crore (31 March 2025: ₹ 2,195.25 crore) and interest paid of ₹ 513.48 crore (31 March 2025: ₹ 808.14 crore).

Material accounting policies2

The accompanying notes are an integral part of the financial statements

As per our report of even date
for **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Sd/-
Shirish Rahalkar
Partner
Membership Number : 111212

Place: Gurugram
Date: May 15, 2026

Sd/-
Sanjay Garyali
Managing Director & CEO
DIN : 11046442

Sd/-
Krishan Gopal
Chief Financial Officer
M. No. 507108

Sd/-
Namrata Kaul
Director
DIN : 00994532

Sd/-
Vikrant Sadana
Company Secretary and Compliance Officer
M. No. A36584

Statement of Changes in equity

for the year ended March 31, 2026

A Equity share capital

(₹ in Crores)

Particulars	As at April 1, 2025	Changes during the year 2025-26	As at March 31, 2026	As at April 1, 2024	Changes during the year 2024-25	As at March 31, 2025
Equity share capital (fully paid up)	101.02	61.06	162.08	101.02	-	101.02
Less: Treasury shares*	(0.37)	-	(0.37)	(0.40)	0.03	(0.37)
Less: Calls-in-Arrears**	-	(0.19)	(0.19)	-	-	-
	100.65	60.87	161.52	100.62	0.03	100.65

* Treasury shares represents shares held by ESOP Trust . The Company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

** Calls-in-arrears represents arrear call money on 3,92,088 partly paid up equity shares (₹ 5 per share).

B Other Equity

Particulars	Reserves and Surplus					Other Comprehensive Income		Total
	Statutory reserve	Treasury shares #	Securities premium	Employee stock option plan reserve	Retained earnings	Cash Flow Hedge Reserve	Remeasure-ment gains on defined benefit plans	
Balance as at April 1, 2025	223.87	(10.82)	1,662.97	30.24	(367.28)	-	3.70	1,542.68
Profit for the year	-	-	-	-	13.85	-	-	13.85
Other comprehensive income for the year	-	-	-	-	-	(4.57)	2.32	(2.25)
Issue of equity shares	-	-	736.43	-	-	-	-	736.43
Transfer to / from retained earnings	2.77	-	-	-	(2.77)	-	-	-
Expenses incurred towards issue of share capital (net of taxes)	-	-	(10.58)	-	-	-	-	(10.58)
Share based compensation	-	-	-	14.26	-	-	-	14.26
Exercise of stock options	-	0.12	(0.08)	(0.02)	-	-	-	0.02
Lapse of stock options	-	-	-	(6.77)	6.77	-	-	-
Balance as at March 31, 2026	226.64	(10.70)	2,388.74	37.71	(349.43)	(4.57)	6.02	2,294.41

Statement of Changes in equity

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Reserves and Surplus					Other Comprehensive Income		Total
	Statutory reserve	Treasury shares #	Securities premium	Employee stock option plan reserve	Retained earnings	Cash Flow Hedge Reserve	Remeasure-ment gains on defined benefit plans	
Balance as at April 1, 2024	223.87	(11.65)	1,657.91	18.54	856.44	-	2.42	2,747.53
Profit/(loss) for the year	-	-	-	-	(1,224.54)	-	-	(1,224.54)
Other comprehensive income for the year	-	-	-	-	-	-	1.28	1.28
Issue of equity shares	-	-	-	-	-	-	-	-
Reversal of Share issue expenses	-	-	4.58	-	-	-	-	4.58
Share based compensation	-	-	-	12.89	-	-	-	12.89
Exercise of stock options	-	0.83	0.48	(0.37)	-	-	-	0.94
Lapse of stock options	-	-	-	(0.82)	0.82	-	-	-
Balance as at March 31, 2025	223.87	(10.82)	1,662.97	30.24	(367.28)	-	3.70	1,542.68

Treasury shares excluding amount adjusted from equity share capital.

Material accounting policies2

The accompanying notes are an integral part of the financial statements

As per our report of even date
for **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Sd/-
Shirish Rahalkar
Partner
Membership Number : 111212

Place: Gurugram
Date: May 15, 2026

Sd/-
Sanjay Garyali
Managing Director & CEO
DIN : 11046442

Sd/-
Krishan Gopal
Chief Financial Officer
M. No. 507108

Sd/-
Namrata Kaul
Director
DIN : 00994532

Sd/-
Vikrant Sadana
Company Secretary and Compliance Officer
M. No. A36584



Notes to the Financial Statements

for the year ended March 31, 2026

1. Corporate information

Fusion Finance Limited ('the Company'), was originally incorporated as 'Ambience Fin cap Private Limited' on September 5, 1994, under the Companies Act, 1956. On January 9, 2003, the Reserve Bank of India (RBI) granted a certificate of registration as a non-deposit accepting non-banking financial company under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010, was issued, post which the RBI granted a certificate of registration dated May 19, 2010, reflecting the change of name. Thereafter, the Company was issued a fresh certificate dated January 28, 2014 from RBI for carrying on the business of Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI'). The name of the Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company pursuant to the special resolution passed by the Shareholders of the Company and a fresh certificate of incorporation was issued dated July 20, 2021. The name of the Company was further changed to "Fusion Finance Limited" with effect from July 09, 2024, and a fresh certificate was issued by Registrar of Companies, post which RBI also issued a fresh certificate dated August 30, 2024. The registered office of the Company is at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028.

The Company is a middle layered Non-Banking Finance Company ("NBFC") as per scaled based regulation of Reserve Bank of India ("RBI"). The company is engaged primarily in lending activities providing microfinance and MSME loans.

The financial statements for the year ended March 31, 2026, are approved by the Board of Directors in their meeting held on May 15, 2026.

1A. Basis of Preparation of financial statements

The financial statements of the Company as at and for the year ended March 31, 2026, have been prepared in accordance with requirements of Indian Accounting Standards ("Ind AS") notified by under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as prescribed under Section 133 of the Companies Act, 2013 ('Act'), other accounting principles generally accepted in India and presentation requirements of Division III of

Schedule III of the Act (Ind AS compliant Schedule III), as applicable to the Company.

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVTOCI) instruments, plan assets, derivative financial instruments, investments recorded at fair value through profit or loss (FVTPL) and financial assets and liabilities designated at FVTPL, all of which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore, except when otherwise indicated.

1B. Presentation of financial statements

The Company presents its balance sheet in order of liquidity.

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

- A. The normal course of business.
- B. The event of default.
- C. The event of insolvency or bankruptcy of the Company and/or its counterparties.

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

2. Material accounting policies

2.1 Recognition of income and expenses

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

2.1.1 Interest income

Interest revenue is recognized using the Effective Interest Rate method (EIR).

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter

Notes to the Financial Statements

for the year ended March 31, 2026

period, to the net carrying amount of the financial assets

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan.

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 asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

2.1.2 Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.1.3 Net gain on derecognition of financial instruments under amortized cost category

Where derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. Income from assignment transactions, i.e. present value of excess interest spread is recognized.

2.1.4 Net Gain/Loss on fair value changes

The Company recognizes the fair value on investment measured at FVTPL in the Statement of profit and loss in accordance with Ind AS 109. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Net loss on fair value changes" in the statement of profit and loss.

2.1.5 Interest Expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other

expenses such as external legal costs, provided these are incremental costs that are directly related to the origination of financial liability.

2.1.6 Other income

All other financial charges such as late payment fee, legal charges, collection charges etc are recognized on receipt basis. These charges are treated to accrue on realization, due to the uncertainty of their realization.

2.1.7 Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

- a) Facilitation fees income is earned on distribution of services and products of other entities under distribution arrangements. The income so earned is recognised on completion of successful distribution on behalf of other entities subject to there being no significant uncertainty of its recovery.
- b) The Company recognizes revenue from market support services/corporate agency service upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

2.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial Asset

A. Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, 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 and advances to customers

Notes to the Financial Statements

for the year ended March 31, 2026

are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, except in the case of financial assets not recorded at fair value through profit or loss.

B. Classification and subsequent measurement

For subsequent measurement, financial assets are classified in three categories:

- Debt instrument at amortised cost
- Debt instrument at fair value through other comprehensive income (FVTOCI)
- Debt instrument and equity instruments at fair value through profit or loss (FVTPL)

The classification depends on the contractual terms of the cash flows of the financial assets, the Company's business model for managing financial assets and, in case of equity instruments and the intention of the Company whether strategic or non-strategic. The said classification methodology is detailed below:

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVTOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI (Solely payments of principal and interest)

Assessment: The Company assesses the contractual terms of the financial assets to identify whether they meet the SPPI test. In making this assessment, the Company considers whether the contractual cash flows represent solely payments of principal and interest which means that whether the 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. Principal for the purpose of this test refers to the fair value of the financial asset at initial recognition.

Debt instruments at amortised costs

A debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for

categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Financial Liabilities

A. Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified and financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loans, debentures and borrowings including bank overdrafts and trade & other payables.

B. Loans, Debentures and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the Statement of profit and loss.

C. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including

all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

D. Derivative Financial Instrument

The Company holds derivatives to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank. Derivatives that are not designated a hedge are categorized as financial assets or financial liabilities, at fair value through profit or loss. Such derivatives are recognized initially at fair value, and attributable transaction costs are recognized in net in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss, and the resulting gains or losses are included in the statement of profit and loss.

Reclassification of Financial Assets and Liabilities

The Company doesn't reclassify its financial assets 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.

De-recognition of financial assets and financial liabilities

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had

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been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.3 Impairment of Financial Assets

2.3.1 Overview of principles for measuring expected credit loss ('ECL') on financial assets.

The Company records allowance for expected credit losses for all loans, other financial debt assets not

held at FVTPL or FVTOCI, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109 as they are measured at FVTOCI and FVTPL.

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

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

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

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12m ECLs. 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 overdue) and exposure up to 30 days overdue fall under this category.

Stage 2

When loans 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 overdue on an exposure exceed for a period more than 30 days and less than 90 days. Accordingly, the Company classifies all exposures with overdue exceeding 30 days and less than 90 days at each reporting date under this Stage. The Company records an allowance for the LTECLs.

Stage 3

Loans considered credit impaired. The Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90

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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.

2.3.2 Methodology for calculating ECL

The Company calculates ECL based on a probability weighted outcome and historical data to measure the expected cash shortfalls discounted at an approximation to EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive:

Key factors applied to determine ECL are outlined as follows:

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

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

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

The mechanics of the ECL method are summarised below:

Stage 1

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

and multiplied by the expected LGD and discounting factor. The discounting factor is computed using the effective interest rate (EIR) of the portfolio.

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 Marginal PDs and LGDs are estimated over the lifetime of the instrument. The marginal PD is used in case cash flows/ repayment schedule is available, else cumulative PD is used.

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%.

For impairment loss allowance on financial assets except loans, the Company uses simplified approach for arriving at impairment loss allowance.

2.3.3 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, with the estimate of PD and LGD determined by the Company based in its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

2.3.4 Write-offs

Loans are written off in their entirety only when pursuing. 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.

2.3.5 Impairment of non-financial assets

The Company assesses, at each reporting date,

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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 considered. If no such transactions can be identified, an appropriate valuation model is used.

2.4 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 considers 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** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2 financial instruments** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3 financial instruments** - Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company evaluates the levels 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.

2.5 Foreign Currency transactions

2.5.1 Functional and presentation currency

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

2.5.2 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

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and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings to the extent not capitalized are regarded as a cost of borrowing and presented under Finance cost.

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.

2.6 Leasing

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.3.5 Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company

recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

2.7 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.

2.8 Property, Plant and Equipment (PPE)

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated



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impairment in value if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of Property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of Property, plant and equipment.

Leasehold improvements are amortized on straight line basis over the lease term or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the Statement of profit and loss in the year the asset is derecognised.

Depreciation on Property, plant and equipment (except freehold land) provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the Statement of profit and loss up to the date of sale.

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

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

2.9 Intangible assets and Intangible asset under development

2.9.1 Intangible assets

The Company's intangible assets mainly include Computer Software. An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost.

The Company assesses at each Balance Sheet date whether there is any indication that an intangible asset may be impaired.

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

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

Computer software - 3-5 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss, when the asset is derecognized.

2.9.2 Intangible asset under development

Intangible Assets under development comprise of assets which are not yet ready for their intended use and includes all direct expenses and directly attributable indirect expenses incurred for development of assets.

Cost of developmental work, which is completed,

wherever eligible, is recognised as an Intangible Asset.

Cost of developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

Intangible Asset under development includes expenditure incurred by the Company towards payment to external agencies for developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure pertaining to identified project.

Development costs that are directly attributable to the design and testing of identifiable products and solutions are recognised as intangible assets when the following criteria are met:

- Management intends to and it is technically feasible to complete the project so that it will be available for use
- It can be demonstrated how the intangible asset will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- The expenditure attributable during its development can be reliably measured.

Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

2.10 Retirement and other Employee benefits

2.10.1 Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.10.2 Share-based payment arrangements

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The scheme provides that subject to continued employment with the Company; the employees are granted an option to acquire equity shares of the Company that may be exercised within the specified period.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee benefits expense over the period in which service conditions are fulfilled, together with a corresponding increase in employee stock option plan reserve in other equity. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the Statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.10.3 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Post-employment benefits in the form of provident funds and other funds are defined contribution schemes.

The Company has no obligation, other than the contribution payable to the provident fund and pension scheme. The Company recognises contribution payable to scheme as an expense, when an employee renders the related service. If



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the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already exceeds the contribution due to services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.10.4 Defined benefit plans

The Company has defined benefit gratuity plan. The Company's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability/asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in the balance sheet with a corresponding debit or credit to OCI (other Comprehensive Income) in the period in which they occur. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit

that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.10.5 Other long-term employee benefits

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the Statement of profit and loss.

2.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because 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 flow at a pre-tax rate reflecting the current rates specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The expense relating to any provision is presented in the Statement of profit and loss net of any reimbursement.

2.12 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 securities premium.

2.13 Taxes

2.13.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income

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or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.13.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates (and tax laws) that have enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2.13.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance sheet.

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable



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to equity shareholders by the weighted average number of equities 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 potential dilutive equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they are 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.

The weighed average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The MD and CEO of the Company has been identified as the Chief Operating Decision Maker for the Company.

2.16 Contingent Liabilities and Contingent Assets

A Contingent Liability is 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. 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. Contingent assets are disclosed, where an inflow of economic benefits are probable. The Company shall not recognise a contingent asset unless the recovery is virtually certain.

2.17 Treasury Shares

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

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

2.18 Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods

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

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

Notes to the Financial Statements

for the year ended March 31, 2026

Business model assessment

Classification and measurement of financial assets depend 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. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instrument

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial asset

Judgment is required by management in the estimation of the amount and timing of future cash

flows when determining an impairment allowance on financial assets. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

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.

2.19 Hedging

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging

Notes to the Financial Statements

for the year ended March 31, 2026

instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair Value Hedge

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationships fixed rate debt issued and other borrowed funds.

Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on

the hedging instrument is recognised immediately in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and Loss.

2.20 New standards, interpretations, and amendments:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. As at the date of authorisation of these financial statements, the Company has not applied the following new amendment to Ind AS that has been issued but is not yet effective:

Ind AS 1, Presentation of Financial Statements:

Where a covenant breach exists on or before the reporting date and, as a result, the liability becomes payable on demand on that date, the liability must be classified as current, even if the lender subsequently (i.e. after the reporting date but before approval of the financial statements) agrees not to demand payment.

The Company does not expect that the adoption of this amendment to have any material impact on the financial statements of the Company in future periods. However, in case of breach of covenants in future, the liability for long-term borrowings will be classified as current and will become repayable on demand.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

3 Cash and cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	8.14	16.85
Balance with banks		
- on current accounts	1,311.69	721.07
- deposits with original maturity of less than or equal to 3 months*	555.01	45.13
Total	1,874.84	783.05

* Short-term deposits are made for varying periods ranging between one day to three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

4 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits with remaining maturity of less than or equal to 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	43.96	32.54
- lien Free Deposits	38.19	15.31
Deposits with remaining maturity of more than 12 months		
- to the extent held as margin money deposits against borrowings and guarantees	48.45	22.15
Total	130.60	70.00

Note: Fixed deposits and other balances with banks earn interest at contractual fixed rates.

5 Trade receivables (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured - considered good	7.40	3.70
Unsecured - credit impaired	1.18	-
Less : Impairment loss allowance	(1.18)	-
Total	7.40	3.70

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Trade receivables ageing schedule as on March 31, 2026

Particulars	Outstanding for following year from due date of payment*					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	6.27	1.13	-	-	-	7.40
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	1.18	-	-	-	-	1.18
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-
	7.45	1.13	-	-	-	8.58

Trade receivables ageing schedule as on March 31, 2025

Particulars	Outstanding for following year from due date of payment*					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	3.66	0.01	0.01	0.02	-	3.70
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-
	3.66	0.01	0.01	0.02	-	3.70

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

Note:

1. No trade or other receivable are due from directors and other officers of the Company or any of them either severally or jointly with any other person. Nor any trade or other receivable are due from firms including limited liability partnerships (LLPs) or private companies respectively in which any director is a partner, a director or a member.
2. Trade receivable are non-interest bearing and short term in nature, hence does not involve any significant credit risk.
3. Unbilled revenue of ₹ 4.08 crore (March 31, 2025: ₹ 0.02 crore) is included in trade receivables - considered good which is not due as on reporting date.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

6 Loans (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
Term Loans:		
MFI loans	5,594.40	7,491.55
MSME loans	674.10	650.14
Others	1.80	6.39
Total - Gross	6,270.30	8,148.08
Less: Impairment loss allowance	(269.47)	(886.93)
Total - Net	6,000.83	7,261.15
(a) Secured by tangible assets	658.97	577.12
(b) Unsecured	5,611.33	7,570.96
Total - Gross	6,270.30	8,148.08
Less: Impairment loss allowance	(269.47)	(886.93)
Total - Net	6,000.83	7,261.15
(a) Public sector	-	-
(b) Others	6,270.30	8,148.08
Total - Gross	6,270.30	8,148.08
Less: Impairment loss allowance	(269.47)	(886.93)
Total - Net	6,000.83	7,261.15
Above amount include		
(a) Loans provided in India	6,270.30	8,148.08
(b) Loans provided outside India	-	-
Total - Gross	6,270.30	8,148.08
Less: Impairment loss allowance	(269.47)	(886.93)
Total - Net	6,000.83	7,261.15

Overview of the Loan Portfolio of the Company

The Company is engaged in the business of providing loans with its operations spread out in different parts of India. The table below discloses credit quality of the Company's exposures as at reporting date.

Gross portfolio movement for the year ended March 31, 2026

Particulars	Stage I*	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2025	7,246.14	256.22	645.72	8,148.08
New loans originated during the year, netted off for repayments and derecognised portfolio	(747.06)	(49.33)	(43.27)	(839.66)
Loans written off during the year	-	-	(1,038.12)	(1,038.12)
Movement between stages				
Transfer from stage I	(498.44)	58.31	440.13	-
Transfer from stage II	3.06	(202.62)	199.56	-
Transfer from stage III	2.53	0.49	(3.02)	-
Gross carrying value of loans as at March 31, 2026	6,006.23	63.07	201.00	6,270.30



Notes to the Financial Statements

for the year ended March 31, 2026

Gross portfolio movement for the year ended March 31, 2025 (₹ in Crores)

Particulars	Stage I*	Stage II	Stage III	Total
Gross carrying value of loans as at April 1, 2024	9,884.13	121.03	297.25	10,302.41
New loans originated during the year, netted off for repayments and derecognised portfolio	(1,958.82)	4.33	1,132.68	(821.81)
Loans written off during the year	(0.06)	(0.12)	(1,332.34)	(1,332.52)
Movement between stages				
Transfer from stage I	(680.17)	137.51	542.66	-
Transfer from stage II	0.92	(6.97)	6.05	-
Transfer from stage III	0.14	0.44	(0.58)	-
Gross carrying value of loans as at March 31, 2025	7,246.14	256.22	645.72	8,148.08

* Includes overdue amount from 1 to 30 days amounting to ₹ 2.85 crore and ₹ 11.13 crore as on March 31, 2026 and March 31, 2025 respectively.

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

Particulars	Loans			Total	Other financial assets (refer note 8B)
	Stage I	Stage II	Stage III		
ECL allowance on April 01, 2025	102.24	161.40	623.29	886.93	10.35
New assets originated during the year, netted off for repayments and derecognised portfolio	(6.64)	(45.81)	(41.92)	(94.37)	3.33
Amount written off during the year	-	-	(1,038.12)	(1,038.12)	(9.38)
Movement between stages					
Transfer from stage I	(4.55)	0.55	4.00	-	-
Transfer from stage II	2.15	(191.48)	189.33	-	-
Transfer from stage III	2.51	0.42	(2.93)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(41.08)	120.04	436.07	515.03	-
ECL allowance on March 31, 2026*	54.63	45.12	169.72	269.47	4.30

*During the year ended March 31, 2026, the decrease in impairment loss allowances is on account of improved flow rates & decrease in loan portfolio from previous year.

Particulars	Loans			Total	Other financial assets (refer note 8B)
	Stage I	Stage II	Stage III		
ECL allowance on April 01, 2024	64.36	53.25	236.93	354.54	5.77
New assets originated during the year, netted off for repayments and derecognised portfolio	(12.76)	1.88	902.82	891.94	4.58
Amount written off during the year	(0.06)	(0.12)	(1,332.34)	(1,332.52)	-
Movement between stages					
Transfer from stage I	(4.43)	0.90	3.53	-	-
Transfer from stage II	0.40	(3.06)	2.66	-	-
Transfer from stage III	0.11	0.35	(0.46)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	54.62	108.20	810.15	972.97	-
ECL allowance on March 31, 2025*	102.24	161.40	623.29	886.93	10.35

*During the year ended March 31, 2025, the increase in impairment loss allowances is on account of deterioration in flow rates.

Notes to the Financial Statements

for the year ended March 31, 2026

7 Investments (₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
At fair value through profit and loss account :		
Investments in Unquoted debt mutual funds (HDFC charity fund for cancer cure: March 31, 2026 - 19,99,900.01 units) (March 31, 2025 -19,99,900.01 units)	2.06	2.07
Less: Impairment loss allowance	-	-
Total	2.06	2.07
(i) Overseas investments	-	-
(ii) Investments in India	2.06	2.07
Total- Gross	2.06	2.07
Less: Impairment loss allowance	-	-
Total- Net	2.06	2.07

8 Other financial assets (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
A. Security deposits		
Unsecured, considered good	4.45	4.75
Sub-Total (A)	4.45	4.75
B. Other assets		
Excess interest spread (EIS) receivable	66.02	34.60
Advances recoverable in cash or for value to be received	31.72	30.04
Less : Impairment loss allowance (refer note 6 for movement)	(4.30)	(10.35)
Sub-Total (B)	93.44	54.29
Total (A+B)	97.89	59.04

9 Current tax assets (net)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance income tax (net)	6.12	33.61
Total	6.12	33.61

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

10 Deferred tax assets (net)

Particulars	As at March 31, 2026	As at March 31, 2025
A. Deferred tax assets:		
Impairment allowance for financial assets	69.23	-
Differences of written down value of Property, plant and equipment and intangible assets	3.70	-
Provision for employee benefits	7.14	-
EIR impact on loan portfolio	18.00	-
Expenses incurred on Initial Public offering	1.04	-
Expenses incurred on Rights Issue	1.62	-
Other temporary difference	1.04	-
Total deferred tax assets	101.77	-
B. Deferred tax liabilities		
Excess interest spread (EIS) receivable	(8.07)	-
Fair value of derivative financial instruments	(8.84)	-
EIR Impact on borrowings	(8.47)	-
Total deferred tax liabilities	(25.38)	-
Net deferred tax assets (A+B)	76.39	-

C. Movement in Deferred tax assets (net)

Particulars	As at April 01, 2025	(Charge)/ credit in statement of profit and loss for year ended March 31, 2026	Recognized in othercom- prehensive income for year ended March 31, 2026	Recognized in other equi- ty for the year ended March 31, 2026	As at March 31, 2026
Assets					
Impairment allowance for financial assets	-	69.23	-	-	69.23
Differences of written down value of Property, plant and equipment and intangible assets	-	3.70	-	-	3.70
Provision for employee benefits	-	7.92	(0.78)	-	7.14
EIR impact on loan portfolio	-	18.00	-	-	18.00
Expenses incurred on Initial Public offering	-	1.04	-	-	1.04
Expenses incurred on Rights Issue	-	(0.40)	-	2.02	1.62
Other temporary difference	-	1.04	-	-	1.04
Liabilities					
Excess interest spread (EIS) receivable	-	(8.07)	-	-	(8.07)
Fair value of derivative financial instruments	-	(7.21)	(1.63)	-	(8.84)
EIR Impact on borrowings	-	(8.47)	-	-	(8.47)
Total	-	76.78	(2.41)	2.02	76.39

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

C. Movement in Deferred tax assets (net)

Particulars	As at April 01, 2024	(Charge)/ credit in statement of profit and loss for year ended March 31, 2025	Recognized in other comprehen- sive income for the year ended March 31, 2025	Recognized in other equi- ty for the year ended March 31, 2025	As at March 31, 2025
Assets					
Impairment allowance for financial assets	80.92	(80.92)	-	-	-
Differences of written down value of Property, plant and equipment and intangible assets	2.59	(2.59)	-	-	-
Provision for employee benefits	5.57	(5.57)	-	-	-
Financial liabilities measured at amortised cost	1.48	(1.48)	-	-	-
EIR impact on loan portfolio	23.45	(23.45)	-	-	-
Expenses incurred on Initial Public offering	3.20	(3.06)	-	(0.14)	-
Expenses incurred on Rights Issue	-	-	-	-	-
Other temporary difference	0.82	(0.82)	-	-	-
Liabilities					
Excess interest spread (EIS) receivable	(17.66)	17.66	-	-	-
Fair value of derivative financial instruments	-	-	-	-	-
Stage 3 interest income	(8.70)	8.70	-	-	-
Total	91.67	(91.53)	-	(0.14)	-

Note:

As at March 31, 2026, the Company has recognized deferred tax asset (“DTA”) on impairment loss allowance and other temporary adjustments, to the extent it is considered recoverable.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

11 Property, plant and equipment

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2025	Additions	Disposals	As at March 31, 2026	As at April 1, 2025	For the year	Disposals	As at March 31, 2026	
Furniture and fixtures	7.98	0.10	0.58	7.50	4.45	0.90	0.42	4.93	2.57
Electrical fittings	1.68	-	0.54	1.14	0.95	0.17	0.41	0.71	0.43
Office equipment	8.67	0.65	0.44	8.88	5.75	1.49	0.41	6.83	2.05
Vehicles	0.31	-	0.29	0.02	0.26	0.02	0.26	0.02	-
Computers	19.66	0.94	1.24	19.36	16.05	2.52	1.23	17.34	2.02
Leasehold improvements	9.73	-	2.19	7.54	5.13	0.94	2.19	3.88	3.66
Total	48.03	1.69	5.28	44.44	32.59	6.04	4.92	33.71	10.73

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2024	Additions	Disposals	As at March 31, 2025	As at April 1, 2024	For the year	Disposals	As at March 31, 2025	
Freehold Land	5.02	-	5.02	-	-	-	-	-	-
Furniture and fixtures	7.44	0.65	0.11	7.98	3.38	1.15	0.08	4.45	3.53
Electrical fittings	1.57	0.16	0.05	1.68	0.77	0.22	0.04	0.95	0.73
Office equipment	7.08	1.73	0.14	8.67	3.90	1.97	0.12	5.75	2.92
Vehicles	0.35	-	0.04	0.31	0.26	0.04	0.04	0.26	0.05
Computers	16.65	3.39	0.38	19.66	12.34	4.08	0.37	16.05	3.61
Leasehold improvements	9.02	0.71	-	9.73	4.04	1.09	-	5.13	4.60
Total	47.13	6.64	5.74	48.03	24.69	8.55	0.65	32.59	15.44

Notes to the Financial Statements

for the year ended March 31, 2026

12 Right of use asset

(₹ in Crores)

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2025	Additions	Disposals	As at March 31, 2026	As at April 1, 2025	For the year	Disposals	As at March 31, 2026	
Building (refer Note 54)	14.35	6.95	-	21.30	5.42	2.15	-	7.57	13.73
Vehicle (refer Note 54)	0.29	-	-	0.29	0.11	0.07	-	0.18	0.11
Total	14.64	6.95	-	21.59	5.53	2.22	-	7.75	13.84

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2024	Additions	Disposals	As at March 31, 2025	As at April 1, 2024	For the year	Disposals	As at March 31, 2025	
Building (refer Note 53)	12.19	2.81	0.65	14.35	4.00	1.72	0.30	5.42	8.93
Vehicle (refer Note 53)	0.29	-	-	0.29	0.02	0.09	-	0.11	0.18
Total	12.48	2.81	0.65	14.64	4.02	1.81	0.30	5.53	9.11

13 Other intangible assets and Intangible assets under development

A. Other intangible assets

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2025	Additions	Disposals	As at March 31, 2026	As at April 1, 2025	For the year	Disposals	As at March 31, 2026	
Computer software	5.13	-	0.63	4.50	2.24	1.34	0.63	2.95	1.55
Total	5.13	-	0.63	4.50	2.24	1.34	0.63	2.95	1.55

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2024	Additions	Disposals	As at March 31, 2025	As at April 1, 2024	For the year	Disposals	As at March 31, 2025	
Computer software	1.47	3.66	-	5.13	0.93	1.31	-	2.24	2.89
Total	1.47	3.66	-	5.13	0.93	1.31	-	2.24	2.89

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

B. Intangible assets under development

Intangible assets under development ageing schedule as at March 31, 2026

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
Projects-in-Progress	16.55	2.38	-	-	18.93
Projects temporarily suspended	-	-	-	-	-
Total	16.55	2.38	-	-	18.93

Intangible assets under development ageing schedule as at March 31, 2025

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
Projects-in-Progress	2.38	-	-	-	2.38
Projects temporarily suspended	-	-	-	-	-
Total	2.38	-	-	-	2.38

14 Other non-financial assets

Particulars	As at March 31, 2026	As at March 31, 2025
Pre-paid expenses	5.79	5.21
Share issue expenses	-	12.14
Advance loan installment to lenders*	5.62	23.16
Balance with revenue authorities	2.12	7.78
Others (unsecured, considered good)	4.98	1.94
Total	18.51	50.23

*the amount represents payment made to lenders for installment due within a week.

15 Derivative financial instrument

Particulars	As at March 31, 2026	As at March 31, 2025
A. Derivatives financial assets		
Currency swap	28.62	-
Currency and Interest rate swaps	6.49	-
Total	35.11	-
Included in above are derivatives held for hedging and risk management purpose as follows:		
Currency swap	28.62	-
Currency and Interest rate swaps	6.49	-
	35.11	-
B. Derivatives financial liabilities		
Currency swap	-	0.17
Total	-	0.17
Included in above are derivatives held for hedging and risk management purpose as follows:		
Currency swap	-	0.17
	-	0.17

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Particulars	As at March 31, 2026			As at March 31, 2025		
	Notional Amount	Fair Value-Assets	Fair Value-Liabilities	Notional Amount	Fair Value-Assets	Fair Value-Liabilities
Currency and Interest rate derivatives:						
Currency swap	208.84	28.62	-	208.84	-	0.17
Currency and Interest rate swaps #	164.45	6.49	-	-	-	-
Total	373.29	35.11	-	208.84	-	0.17

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Cash Flow Hedge:

“The Company hedges foreign currency risk arising from its floating rate foreign currency borrowings by entering into the swap contract. There is an economic relationship between the hedged item and the hedging instrument as the terms of the contract matches that of the foreign currency borrowing. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the contracts are identical to the hedged risk component.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss.

16 Trade Payables (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Total outstanding dues to micro enterprises and small enterprises (refer Note 41)	1.86	1.85
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	30.48	17.10
Total	32.34	18.95

Trade payables ageing schedule as on March 31 2026

Particulars	Outstanding for following period from due date of payment #				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
(i) MSME	1.86	-	-	-	1.86
(ii) Others	30.44	0.03	0.01	-	30.48
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	32.30	0.03	0.01	-	32.34



Notes to the Financial Statements for the year ended March 31, 2026
(₹ in Crores)

Trade payables ageing schedule as on March 31 2025

Particulars	Outstanding for following period from due date of payment #				Total
	Less than one year	1-2 years	2-3 years	more than 3 years	
(i) MSME	1.85	-	-	-	1.85
(ii) Others	16.92	0.18	-	-	17.10
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	18.77	0.18	-	-	18.95

In case where due date of payment is not specified, disclosure has been given based on the date of the transaction.

17 Debt Securities (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
Non-convertible debentures (Secured by book debts)	305.93	145.00
Non-convertible debentures (Unsecured)	-	-
Total	305.93	145.00
Debt securities in India	305.93	145.00
Debt securities outside India	-	-
Total	305.93	145.00

Terms of Debt securities	Number of debentures		Amount	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Secured*				
10.35% Secured rated unlisted redeemable non convertible debenture 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. May 04, 2022	-	1,450	-	145.00
10.95% Secured rated listed redeemable transferable non convertible debenture of Face Value of ₹ 1,00,000 each re-deemable at par at the end of 30 months from the date of allotment i.e. December 29, 2025	15,000	-	146.90	-
10.95% (net of applicable TDS) Secured rated listed redeemable transferable non convertible debenture of Face Value of ₹ 1,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. December 16, 2025	16,000	-	159.03	-
Total	31,000	1,450	305.93	145.00

Notes to the Financial Statements for the year ended March 31, 2026
18 Borrowings - other than debt securities (at amortised cost) (₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
(a) Term loans		
(i) from banks	3,768.11	5,259.29
(ii) from other parties	751.97	735.28
(b) External commercial borrowings	402.40	208.67
(c) Borrowings under securitisation arrangement	288.12	-
Total	5,210.60	6,203.24
Borrowings in India	4,808.20	5,994.57
Borrowings outside India	402.40	208.67
Total	5,210.60	6,203.24
Secured*	5,210.60	6,203.24
Unsecured	-	-
Total	5,210.60	6,203.24

*The borrowings are secured by hypothecation of book debts and fixed deposits. The security perfection w.r.t. borrowing amount to ₹ 200.00 Crore has been made after reporting date.

19 Subordinated liabilities (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
from banks	-	-
from other than banks	54.23	53.78
Total	54.23	53.78
Subordinated liabilities in form of Non-convertible debentures	54.23	53.78
Subordinated liabilities in form of term loan	-	-
Total	54.23	53.78
Subordinated liabilities in India	54.23	53.78
Subordinated liabilities outside India	-	-
Total	54.23	53.78

Notes to the Financial Statementsfor the year ended March 31, 2026

(₹ in Crores)

Terms of Non-convertible debentures	Amount	
	March 31, 2026	March 31, 2025
13.00% Unsecured, Rated, Redeemable, Transferable, Unlisted Subordinated Tier II Non-Convertible Debenture of face value of ₹ 10,00,000 each redeemable at par at the end of 63 months from the date of allotment i.e. March 31, 2022	24.83	24.71
12.11% Unsecured Subordinated, Tier II Rated, Unlisted Taxable Redeemable Non-Convertible Debenture of face value of ₹ 1,00,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e. March 31, 2022	29.40	29.07
Total	54.23	53.78

Note : The Company has not defaulted in repayment of borrowing / interest during the current year and previous year with respect to Debt Securities (Note 17), Borrowings - other than debt securities (Note 18) and Subordinated liabilities (Note 19). Further, refer note 55 (aa) for covenant breaches in respect of borrowings as on reporting date.

17A, 18A and 19A

Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2026

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		Above 5 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
A) Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	07.01% -07.50%	4	13.33	-	-	-	-	-	-	-	-	-	-	13.33
	07.51% - 08.00%	5	91.67	-	-	-	-	-	-	-	-	-	-	91.67
	08.01% - 08.50%	5	33.34	-	-	-	-	-	-	-	-	-	-	33.34
	08.51% - 09.00%	12	158.33	1	0.63	-	-	-	-	-	-	-	-	158.96
	09.01% - 09.50%	12	348.69	12	235.75	2	5.96	-	-	-	-	-	-	590.40
	09.51% - 10.00%	12	515.51	12	286.64	1	3.13	-	-	-	-	-	-	805.28
	10.01% - 10.50%	12	290.80	12	221.25	12	88.19	-	-	-	-	-	-	600.24
	10.51% - 11.00%	12	215.59	12	76.86	2	6.25	-	-	-	-	-	-	298.70
	11.01% - 11.50%	12	161.89	9	41.23	-	-	-	-	-	-	-	-	203.12
	11.51% - 12.00%	12	127.10	10	68.39	-	-	-	-	-	-	-	-	195.49
	12.01% - 12.50%	12	34.32	-	-	-	-	-	-	-	-	-	-	34.32
	12.51% - 13.00%	12	24.42	7	15.86	-	-	-	-	-	-	-	-	40.28
Above 3 Years	08.51% - 09.00%	12	18.75	12	18.75	5	7.81	-	-	-	-	-	-	45.31
	11.01% - 11.50%	12	38.00	12	38.00	12	38.00	12	38.00	5	15.83	-	-	167.83
Quarterly														
Upto 3 Years	08.01% - 08.50%	1	18.75	-	-	-	-	-	-	-	-	-	-	18.75
	08.51% - 09.00%	4	25.00	2	12.50	-	-	-	-	-	-	-	-	37.50
	09.01% - 09.50%	7	87.67	1	3.98	-	-	-	-	-	-	-	-	91.65
	09.51% - 10.00%	12	391.34	11	279.37	-	-	-	-	-	-	-	-	670.71
	10.01% - 10.50%	4	131.67	3	87.84	-	-	-	-	-	-	-	-	219.51
Above 3 Years	09.51% - 10.00%	3	24.00	-	-	-	-	-	-	-	-	-	-	24.00
Half Yearly														
Upto 3 Years	09.01% - 09.50%	2	51.20	-	-	-	-	-	-	-	-	-	-	51.20
Bullet Repayment														
Upto 3 Years	07.51% - 08.00%	1	150.00	-	-	-	-	-	-	-	-	-	-	150.00
EIR Impact														(21.51)
Sub Total (A)		180	2,951.37	116	1,387.05	34	149.34	12	38.00	5	15.83	-	-	4,520.08

Notes to the Financial Statementsfor the year ended March 31, 2026

(₹ in Crores)

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		Above 5 Year		Total
		No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	No. of Install-ments	Amount	
(B) Debt securities														
Quarterly														
Upto 3 Years	10.51% - 11.00%	1	40.00	3	145.00	2	125.00	-	-	-	-	-	-	310.00
EIR Impact														(4.07)
Sub Total (B)		1	40.00	3	145.00	2	125.00	-	-	-	-	-	-	305.93
(C) ECB														
Monthly														
Above 3 Years	11.01% - 11.50%	12	21.64	12	30.29	12	38.95	12	47.60	6	25.96	-	-	164.44
Quarterly														
Above 3 Years	07.51% - 08.00%	3	20.87	4	27.83	4	27.83	4	27.83	4	27.83	5	70.04	202.23
	08.01% -08.50%	3	5.23	4	6.98	4	6.98	4	6.98	4	6.98	5	8.72	41.87
EIR Impact														(6.14)
Sub Total (C)		18	47.74	20	65.10	20	73.76	20	82.41	14	60.77	10	78.76	402.40
(D) Sub-Debt														
Bullet Repayment														
Above 3 Years	12.01% - 12.50%	-	-	1	30.00	-	-	-	-	-	-	-	-	30.00
	12.51% - 13.00%	-	-	1	25.00	-	-	-	-	-	-	-	-	25.00
EIR Impact														(0.77)
Sub Total (D)		-	-	2	55.00	-	-	-	-	-	-	-	-	54.23
(E) Securitisation Monthly														
Upto 3 Years	08.01% - 08.50%	12	24.91	5	11.66	-	-	-	-	-	-	-	-	36.57
	08.51% - 09.00%	12	34.45	10	23.03	-	-	-	-	-	-	-	-	57.48
	09.01% - 09.50%	9	135.09	-	-	-	-	-	-	-	-	-	-	135.09
Above 3 Years	11.01% - 11.50%	12	10.42	12	10.35	12	9.44	1	0.36	-	-	-	-	30.57
	12.01% - 12.50%	12	12.09	12	12.12	6	5.34	-	-	-	-	-	-	29.55
EIR Impact														
Sub Total (D)		57	216.96	39	57.16	18	14.78	1	0.36	-	-	-	-	288.12
Total		256	3,256.07	180	1,709.31	74	362.88	33	120.77	19	76.60	10	78.76	5,570.76

Notes to the Financial Statements

for the year ended March 31, 2026

17A, 18A and 19A

(₹ in Crores)

Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on March 31, 2025

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		Above 5 Year		Total
		No. of Install- ments	Amount	No. of Install- ments	Amount	No. of Install- ments	Amount	No. of Install- ments	Amount	No. of Install- ments	Amount	No. of Install- ments	Amount	
A) Borrowings (other than debt securities) - Term Loans														
Monthly														
Upto 3 Years	07.01% -07.50%	10	31.14	-	-	-	-	-	-	-	-	-	-	31.14
	08.01% -08.50%	12	145.00	4	13.33	-	-	-	-	-	-	-	-	158.33
	08.51% - 09.00%	12	269.58	5	56.25	-	-	-	-	-	-	-	-	325.83
	09.01% - 09.50%	12	650.42	5	108.33	-	-	-	-	-	-	-	-	758.75
	09.51% - 10.00%	12	931.32	11	231.45	-	-	-	-	-	-	-	-	1,162.77
	10.01% - 10.50%	12	772.02	12	259.86	-	-	-	-	-	-	-	-	1,031.88
	10.51% - 11.00%	12	304.85	10	85.02	-	-	-	-	-	-	-	-	389.87
	11.01% - 11.50%	12	172.02	12	69.14	-	-	-	-	-	-	-	-	241.16
	11.51% - 12.00%	8	60.64	-	-	-	-	-	-	-	-	-	-	60.64
Above 3 Years	09.51% - 10.00%	12	18.75	12	18.75	12	18.75	5	7.81	-	-	-	-	64.06
Quarterly														
Upto 3 Years	08.51% - 09.00%	2	12.50	4	25.00	2	12.50	-	-	-	-	-	-	50.00
	09.01% - 09.50%	8	238.82	5	49.42	1	4.33	-	-	-	-	-	-	292.57
	09.51% - 10.00%	12	368.90	7	77.90	-	-	-	-	-	-	-	-	446.80
	10.01% - 10.50%	8	415.38	8	131.33	4	33.38	-	-	-	-	-	-	580.09
	10.51% - 11.00%	2	7.77	-	-	-	-	-	-	-	-	-	-	7.77
	11.01% - 11.50%	6	35.55	-	-	-	-	-	-	-	-	-	-	35.55
Above 3 Years	09.51% - 10.00%	4	41.50	3	24.00	-	-	-	-	-	-	-	-	65.50
Half Yearly														
Upto 3 Years	10.01% - 10.50%	4	102.40	2	51.20	-	-	-	-	-	-	-	-	153.60
Above 3 Years	11.01% - 11.50%	1	2.00	-	-	-	-	-	-	-	-	-	-	2.00
Bullet Repayment														
Upto 3 Years	07.51% - 08.00%	-	-	1	150.00	-	-	-	-	-	-	-	-	150.00
EIR Impact														(13.74)
Sub Total (A)		161	4,580.56	101	1,350.98	19	68.96	5	7.81	-	-	-	-	5,994.57
(B) Debt securities														
Bullet Repayment														
Upto 3 Years	13.01% - 13.50%	1	145.00	-	-	-	-	-	-	-	-	-	-	145.00
Sub Total (B)		1	145.00	-	-	-	-	-	-	-	-	-	-	145.00
(C) ECB														
Quarterly														
Above 3 Years	07.51% - 08.00%	-	-	3	20.87	4	27.83	4	27.83	4	27.83	9	67.42	171.78
	08.01% -08.50%	-	-	3	5.23	4	6.98	4	6.98	4	6.98	9	15.70	41.87
EIR Impact														(4.98)
Sub Total (C)		-	-	6	26.10	8	34.81	8	34.81	8	34.81	18	83.12	208.67
(D) Sub-Debt														
Bullet Repayment														
Above 3 Years	12.01% - 12.50%	-	-	-	-	1	30.00	-	-	-	-	-	-	30.00
	12.51% - 13.00%	-	-	-	-	1	25.00	-	-	-	-	-	-	25.00
EIR Impact														(1.22)
Sub Total (D)		-	-	-	-	2	55.00	-	-	-	-	-	-	53.78
Total		162	4,725.56	107	1,377.08	29	158.77	13	42.62	8	34.81	18	83.12	6,402.02

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

20 Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2026	As at March 31, 2025
Payable towards assigned portfolio	104.77	95.89
Interest accrued but not due on borrowings	17.27	18.13
Salaries and bonus payable	58.69	54.58
Lease liabilities (refer note 54)	16.65	11.51
Other payable	3.74	3.71
Total	201.12	183.82

21 Current tax liabilities (net)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for tax (net)	-	-
Total	-	-

22 Provisions

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for gratuity (refer note 40)	0.15	2.08
Provision for compensated absence (refer note 40)	10.20	8.59
Provision on business correspondence portfolio	0.12	0.01
Provision for other contingencies*	4.14	5.32
Total	14.61	16.00

*includes provision for cash loss & employee contingency.

Movement of provision for business correspondance portfolio and other contingencies

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Carrying Value as at beginning of the year (a)	5.33	3.31
Additional provisions made during the year (b)	1.07	2.93
Amount used during the year (c)	0.64	0.91
Unused amount reversed during the year (d)	1.50	-
Carrying Value as at end of the year (a+b-c-d)	4.26	5.33

23 Other non-financial liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory dues payable	11.10	12.24
Others	8.94	16.14
Total	20.04	28.38

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

24 Share Capital

Authorised share capital

Particulars	As at March 31, 2026	As at March 31, 2025
Equity shares		
March 31, 2026: 20,00,00,000 (March 31, 2025 : 20,00,00,000) equity shares of ₹ 10 each	200.00	200.00
Total	200.00	200.00

25 Equity Share capital

Particulars	As at March 31, 2026	As at March 31, 2025
Issued, subscribed and paid-up		
Equity shares		
<i>Fully paid up</i>		
March 31, 2026: 16,20,82,277 (March 31, 2025 : 10,10,23,885) equity shares of ₹ 10 each fully paid up	162.08	101.02
Less: Treasury shares	(0.37)	(0.37)
Less: Calls-in-Arrears	(0.19)	-
Total	161.52	100.65

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year				
Fully paid up	10,10,23,885	101.02	10,10,23,885	101.02
Movement during the year				
Issued during the year (fully paid up) #	6,10,58,392	60.87	-	-
At the end of the year (A)	16,20,82,277	161.89	10,10,23,885	101.02
Treasury shares				
At the commencement of the year	(3,70,180)	(0.37)	(4,03,880)	(0.40)
Issued for cash on exercise of share options	4,240	-	33,700	0.03
At the end of the year (B)	(3,65,940)	(0.37)	(3,70,180)	(0.37)
At the end of the year (A+B)	16,17,16,337	161.52	10,06,53,705	100.65

includes 3,92,088 partly paid up equity shares (₹ 5 per share) having calls-in-arrears of Rs. 0.19 Crore and would be given a final opportunity to pay with Interest 10% per annum, before executing any forfeiture of shares.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

b. Rights, preferences and restrictions attached to equity shares :

The Company has single class of equity shares having par value of ₹ 10 each (comprising 16,20,82,277 fully paid up Equity Shares of face value of ₹ 10 each having paid-up value of ₹ 10 each except 3,92,088 on which call money in arrears). The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid up equity share capital of the Company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

c. Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	As at March 31, 2026		As at March 31, 2025	
	Number of shares	% of Holding	Number of shares	% of Holding
Creation Investments Fusion II ,LLC, Chicago, U.S.A.	1,31,73,342	8.13%	99,54,529	9.85%
Creation Investments Fusion,LLC, Chicago, U.S.A.	1,40,94,236	8.70%	1,00,29,720	9.93%
Honey Rose Investment Ltd, Mauritius	5,70,56,207	35.20%	3,31,64,881	32.83%
Total	8,43,23,785	52.03%	5,31,49,130	52.61%

d. Particulars of equity shares held by promoters

Name of the Promoter	As at March 31, 2026			As at March 31, 2025		
	Number of shares	% of Holding	% Change during the year	Number of shares	% of Holding	% Change during the year
Promoter						
Devesh Sachdev*	33,78,363	2.08%	(2.81%)	49,41,314	4.89%	0.00%
Creation Investments Fusion II ,LLC	1,31,73,342	8.13%	(1.72%)	99,54,529	9.85%	0.00%
Creation Investments Fusion,LLC	1,40,94,236	8.70%	(1.23%)	1,00,29,720	9.93%	0.00%
Honey Rose Investment Ltd	5,70,56,207	35.20%	2.37%	3,31,64,881	32.83%	0.00%
Total	8,77,02,148	54.11%		5,80,90,444	57.50%	

* The application for reclassification of Mr. Devesh Sachdev from “Promoter/Promoter Group” to “Public” Category shareholders is under process.

e. Particulars of shares reserved for issue under employee stock options

Particulars	As at March 31, 2026	As at March 31, 2025
Under Employee Stock Option Plans*	69,17,157	19,59,304

* With reference to the special resolution passed by the shareholders dated April 23, 2025, the Company may grant and allot 5,000,000 equity shares of the Company to certain identified employees.

- f. No share was allotted without payment being received in cash during the year ended March 31, 2026 and year ended March 31, 2025.
- g. Pursuant to the Board of Directors approval dated December 04, 2024 for issue of equity shares by way of Rights Issue (“Rights Issue”) for an amount of ₹ 799.86 crore, the Company had filed Letter of Offer on March 29, 2025. The issue opened for subscription on April 15, 2025 and closed on April 25, 2025.



Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

During the year ended March 31, 2026, the Company has approved the allotment of 6,10,58,392 equity shares to the eligible shareholders at a price ₹ 131 per equity share (including premium of ₹ 121 per equity share) in two installments (Application Money of ₹ 65.50 (including securities premium of ₹ 60.50) and Call Money ₹ 65.50 (including securities premium of ₹ 60.50) which includes calls-in-arrears of ₹ 2.57 crore on 3,92,088 equity shares. Out of them, 6,06,66,304 equity shares have been converted as fully paid-up and the same being traded on the Stock Exchanges i.e. National Stock exchange (NSE) and BSE Limited (BSE).

Pursuant to above, the earnings per share (basic & diluted) has been adjusted for the Bonus element in respect of Rights issue for the year ended March 31, 2026 and for the year ended March 31, 2025. (refer Note 38 for EPS)

26 Other equity

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory reserve		
Balance as at the beginning of the year	223.87	223.87
Add: Amount transferred from retained earnings	2.77	-
Balance as at the end of the year	226.64	223.87
Securities premium		
Balance as at the beginning of the year	1,662.97	1,657.91
Add: On issue of shares	736.43	-
Add: Exercise of stock options	(0.08)	0.48
Add: Reversal of share issue expenses	-	4.58
Less: Amount utilised towards share issue expenses	(10.58)	-
Balance as at the end of the year	2,388.74	1,662.97
Treasury Shares #		
Balance as at the beginning of the year	(10.82)	(11.65)
Add: Exercise of stock options	0.12	0.83
Balance as at the end of the year	(10.70)	(10.82)
Retained earnings		
Balance as at the beginning of the year	(367.28)	856.44
Add: Profit/(loss) for the year	13.85	(1,224.54)
Add: Stock options lapsed	6.77	0.82
Less : Amount transferred to statutory reserve	(2.77)	-
Balance as at the end of the year	(349.43)	(367.28)
Employee stock option plan reserve		
Balance as at the beginning of the year	30.24	18.54
Add: Share based compensation	14.26	12.89
Add: Exercise of stock options	(0.02)	(0.37)
Less: Lapse of stock options	(6.77)	(0.82)
Balance as at the end of the year	37.71	30.24

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Other comprehensive income		
Balance as at the beginning of the year	3.70	2.42
Other comprehensive income for the year	(2.25)	1.28
Balance as at the end of the year	1.45	3.70
Total other equity	2,294.41	1,542.68

Treasury shares excludes amount adjusted from equity share capital.

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.

Treasury Shares

Treasury shares represents shares held by ESOP trust. The Company treats ESOP trust as its extension and shares held by ESOP trust are treated as treasury shares. Treasury share amount (excluding amount adjusted from equity share capital) are recognized under this head. Exercise price received on equity share issued in excess of face value of share capital against share option exercised are adjusted from treasury shares.

Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to statutory reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

Employee stock option plan reserve

The said amount is used to recognise the grant date fair value of options issued to employees by the Company.

Other Comprehensive Income/(loss)

Remeasurement gains on defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) actuarial gains and losses on defined benefit obligations
- (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).

Cash Flow Hedge Reserve

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.



Notes to the Financial Statements for the year ended March 31, 2026

(₹ in Crores)

27 Interest Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial asset measured at amortized cost		
Interest income on loan portfolio	1,513.13	2,128.97
Interest on deposits with banks	19.39	5.25
Total	1,532.52	2,134.22

28 Fees and commission income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Facilitation fees	0.19	14.46
Income from business correspondence services	0.90	0.68
Income from corporate agency services	14.69	-
Total	15.78	15.14

29 Net gain on fair value changes

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
- On trading portfolio		
Net gain on sale of mutual fund investments	29.98	79.36
Net gain on sale of non-convertible debentures	-	1.83
Net gain on sale of commercial paper	0.34	-
- Others		
Unrealised gain on mutual fund investments	0.06	0.07
Total	30.38	81.26
Fair value changes :		
- Realised	30.32	81.19
- Unrealised	0.06	0.07
Total	30.38	81.26

30 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net Gain on derecognition of financial instruments (refer note 47)	57.21	89.14
Total	57.21	89.14

Notes to the Financial Statements for the year ended March 31, 2026

(₹ in Crores)

31 Other operating income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Recovery of loans written off	53.90	17.63
Income from assigned portfolio management services	2.52	0.20
Other operating income	6.22	6.35
Total	62.64	24.18

32 Other income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Market support income	18.00	24.77
Miscellaneous income	15.97	0.18
Total	33.97	24.95

33 Finance cost

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
On financial liabilities measured at amortized cost		
Interest on debt securities	12.27	24.01
Interest on borrowings (other than debt securities)	504.94	797.94
Interest on subordinated liabilities	7.33	6.86
Interest on borrowings under securitisation arrangements	18.40	-
Interest on lease liabilities	1.55	1.23
Others:		
Net (gain)/loss on fair value of derivative contracts measured at fair value through profit or loss	(28.79)	0.16
Net (gain)/loss on foreign currency transaction and translation on external commercial borrowing	21.02	3.75
Other finance cost	2.00	9.90
Total	538.72	843.85

34 Impairment on financial instruments

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Impairment on financial assets measured at amortised cost		
Loans	420.66	1,864.91
Trade receivable	1.18	-
Other financial assets	3.33	4.58
Total	425.17	1,869.49



Notes to the Financial Statements for the year ended March 31, 2026

35 Employee benefit expenses

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus (Refer Note 40)	551.23	502.93
Contribution to provident and other funds	32.36	34.56
Share based compensation expense	14.26	12.89
Staff welfare expenses	19.07	22.86
Total	616.92	573.24

36 Other expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent (refer note 54)	31.48	30.22
Travelling and conveyance	38.04	42.27
Auditor's fees and expenses*	1.48	1.39
Legal and professional fees	10.44	10.97
Director's fees, commission and expenses	1.39	0.84
Rates and taxes	12.86	15.72
Postage and Communication	6.88	6.52
Printing and Stationery	3.56	5.85
Office maintenance	10.24	10.81
Water and electricity	8.27	6.95
Staff recruitment and training	4.05	6.42
Insurance	6.10	5.68
Corporate social responsibility #	3.55	7.05
Software support service	19.43	17.16
Business promotion	0.62	0.68
Lodging and boarding	4.52	1.91
Cash management services	21.86	15.87
Credit bureau expenses	2.27	3.30
Manpower Outsourcing Expenses	10.37	7.61
Membership fees	0.67	0.64
Miscellaneous expenses	6.94	5.79
Total	205.02	203.65

*Includes payment to statutory auditors:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit fees	1.13	1.13
Certification and other services	0.08	0.13
Reimbursement of expenses	0.10	0.08
Total	1.31	1.34

Note: It does not include fees in relation to the rights issue related services by the statutory auditor's amounting to ₹ 0.07 crore excluding applicable taxes (Previous Year: ₹ 1.60 Crore).

Notes to the Financial Statements for the year ended March 31, 2026

(₹ in Crores)

Details of corporate social responsibility expenditure

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Average net profit/(loss) of the Company for last three financial years	15.04	380.34
b) Gross amount required to be spent by the Company for respective financial year	0.30	7.61
c) Amount approved by the board to be spent during the year*	3.55	7.05
d) Amount spent during the year :		
i) construction/acquisition of any asset	-	-
ii) on purposes other than (i) above	3.55	7.05
e) (Shortfall) / Excess at the end of the year	-	-
f) Total of previous years (shortfall) / excess	-	-
g) Details of related party transactions	-	-
h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA
i) Reason for shortfall	NA	NA

*During the year ended March 31, 2025; the approved amount is adjusted with excess spent of ₹ 0.56 Crore in financial year 2022-23.

For the year ended March 31, 2026 & March 31, 2025; the Company has spent in below project as per schedule VII of the Companies Act, 2013

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Nature of CSR activities:		
a) Abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water	1.13	2.69
b) Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects	0.95	1.91
c) Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga	0.60	1.36
d) Training to stimulate rural sports, nationally recognized sports, paralympic sports and olympic sports	0.20	0.30
e) Disaster management, including relief, rehabilitation and reconstruction activities	0.37	0.28
f) Rural development projects	0.29	0.50
	3.54	7.04
Expenditure on administrative overheads	0.01	0.01
	3.55	7.05



Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

37 Income tax

a. Tax expense/(credit) in the statement of profit and loss consist of:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax:		
Income tax	-	-
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	(76.78)	91.53
Tax expense/(credit) reported in the statement of profit or loss	(76.78)	91.53
Tax recognised in other comprehensive income		
Current tax:		
Income tax arising on cash flow hedge	-	-
Deferred tax:		
Deferred tax arising on remeasurement gains on defined benefit plan	0.78	-
Deferred tax arising on cash flow hedge	1.63	-
Tax expense reported in other comprehensive income	2.41	-
Total tax expense/(credit)	(74.37)	91.53

Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurement of the net defined benefit (liability)/asset	3.10	(0.78)	2.32	1.28	-	1.28
Cash flow hedge	(2.94)	(1.63)	(4.57)	-	-	-
Total	0.16	(2.41)	(2.25)	1.28	-	1.28

Note : The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act. 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

b. Reconciliation of total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India’s domestic tax rate for the year ended March 31, 2026 and March 31, 2025 is as follows:

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit/(loss) before tax	25.17%	(62.93)	25.17%	(1,133.01)
Computed tax expense		-		-
Effect of:				
Non-deductible expenses		-		-
Difference on account of change in tax rate (effect of deferred tax due to change in enacted tax rate)		-		-
Reversal/(Re-recognition) of deferred tax*		(76.78)		91.53
Deduction under chapter VI-A (Section 80JJA of Income Tax Act)		-		-
Others		-		-
Income tax expense reported in the Statement of profit and loss		(76.78)		91.53

*During the year ended March 31, 2026, the Company has recongised deferred tax on impairment loss allowance and other temporary adjustments, to the extent it is considered recoverable.



Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

38 Earning per share

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Basic earning per share		
Profit/(loss) for the year before Other comprehensive income as per the Statement of profit and loss	13.85	(1,224.54)
Profit/(loss) after tax for calculation of basic EPS	13.85	(1,224.54)
Weighted average number of equity shares outstanding at the year ended	13,68,66,291	10,06,47,048
Add: Bonus element adjustment for Rights issue*	7,86,659	92,62,272
Adjusted weighted average number of equity shares outstanding at the year ended	13,76,52,950	10,99,09,320
b) Diluted earning per share		
Profit/(loss) for the year before Other comprehensive income as per the Statement of profit and loss	13.85	(1,224.54)
Profit/(loss) after tax for calculation of dilutive EPS	13.85	(1,224.54)
Weighted average number of equity shares outstanding during the year - basic	13,68,66,291	10,06,47,048
Add: Bonus element adjustment for Rights issue*	7,86,659	92,62,272
Add: Weighted average number of potential equity shares on account of employee stock options	23,153	2,413
Weighted average number of equity shares outstanding at the year ended - diluted	13,76,76,103	10,99,11,733
Earning per share*		
Basic - par value of ₹ 10 each	1.01	(111.41)
Diluted - par value of ₹ 10 each	1.01	(111.41)

*The Earning per share & weighted average number of equity shares have been adjusted for the bonus element in respect of Rights Issue of the Company. The bonus element has been calculated as per Ind AS-33.

39 Segment reporting

“The Managing Director(MD) and Chief Executive Officer(CEO) of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker (CODM).

The Company operates under the principal business segment viz. “lending activities” in India. The CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 ‘Operating segment’ and hence, there are no additional disclosures to be provided. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

40 Employee benefit plan

The Company operates the following post-employment plans -

i. Defined contribution plan

The Company makes contribution, determined as a specified percentage of employees salaries, in respect of qualified employees towards provident fund and other funds which are defined contribution plans. The Company has no obligation other than this to make the specified contribution. The contribution is charged to the Statement of profit and loss as they accrue.

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Contribution to provident funds	26.11	27.77
Contribution to employee state insurance	5.48	6.26
National pension scheme	0.65	0.40
Labour welfare fund	0.12	0.13
Total	32.36	34.56

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 qualifying wages) for each completed year of service in accordance with the requirements of Chapter V (Gratuity) of the Code on Social Security, 2020 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 was carried out as at March 31, 2026. The present value of the defined benefit obligations and the related current service cost and past year service cost, was 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, 2026	As at March 31, 2025
Present value of obligation	20.64	17.42
Fair value of plan assets	20.49	15.34
Net defined benefit liability/(asset)	0.15	2.08

Amount recognized in the statement of profit and loss is as under:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	4.07	4.43
Past service cost	4.78	-
Net interest cost/(income) on the net defined benefit liability/(asset)	0.16	0.03
Expenses recognized in the statement of profit and loss	9.01	4.46

Amount recognized in the other comprehensive income:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial gain/(loss) recognized during the year	3.10	1.28
	3.10	1.28

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

(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 is set out in the funding policies of the plan. Employees do not contribute to the plan. Expected contribution to gratuity plan for next year as on March 31 2026 is ₹ 3.70 crore (March 31, 2025: ₹ 6.80 crore).

(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, 2026			As at March 31, 2025		
	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	17.42	15.34	2.08	14.37	14.05	0.32
Included in profit or loss						
Current service cost	4.07	-	4.07	4.43	-	4.43
Past service cost	4.78	-	4.78	-	-	-
Interest cost / (income)	1.13	0.97	0.16	1.03	1.00	0.03
Total	9.98	0.97	9.01	5.46	1.00	4.46
Included in Other comprehensive income						
Remeasurements loss (gain)						
Actuarial loss (gain) arising from:						
- demographic assumptions	(1.46)	-	(1.46)	(0.48)	-	(0.48)
- financial assumptions	(1.11)	-	(1.11)	(0.24)	-	(0.24)
- experience adjustment	(1.36)	-	(1.36)	(0.23)	-	(0.23)
- Return on plan assets excluding interest income	-	(0.83)	0.83	-	0.33	(0.33)
Total	(3.93)	(0.83)	(3.10)	(0.95)	0.33	(1.28)
Other						
Contribution paid by the employer	-	5.24	(5.24)	-	0.22	(0.22)
Insurance premium paid	-	(0.23)	0.23	-	(0.26)	0.26
Benefits paid	(2.83)	-	(2.83)	(1.46)	-	(1.46)
Total	(2.83)	5.01	(7.84)	(1.46)	(0.04)	(1.42)
Balance at the end of the year	20.64	20.49	0.15	17.42	15.34	2.08

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

(c) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at March 31, 2026	As at March 31, 2025
Investment with Kotak gratuity group plan	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate	6.50%	6.50%
Future long term salary growth	9.00%	11.00%
Withdrawal rate	40.00%	30.00%
Retirement age (in years)	60.00	60.00
Mortality	100% of IALM 2012-14	100% of IALM 2012-14

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Particulars	As at March 31, 2026 Impact on defined benefit obligation		As at March 31, 2025 Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	20.08	21.22	16.76	18.14
Salary growth rate (1.00% movement)	21.20	20.09	18.10	16.78
Attrition rate (1.00% movement)	20.57	20.69	17.20	17.66
Mortality rate (10.00% movement)	20.63	20.63	17.42	17.42

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

Particulars	As at March 31, 2026	As at March 31, 2025
1 year	6.90	3.74
Between 2-5 years	14.32	11.50
Between 6-10 years	3.42	5.90
Over 10 years	0.44	2.10
Total	25.08	23.24

As at March 31, 2026, the weighted-average duration of the defined benefit obligation is 2 years (March 31, 2025 - 4 years).

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

(g) Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest rate risk : The plan exposes the Company to the risk of fall in interest rate. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability.

Liquidity Risk : This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk : 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 probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Demographic Risk : The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk : Gratuity benefit is paid in accordance with the requirements of Code on Social Security, 2020 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,00,000).

Asset Liability Mismatching or Market Risk: The duration of the liabilty is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

iii Compensated absences

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

Amount recognised in the Statement of profit and loss

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Value of the expense recognised during the year	5.39	4.16

Amount recognised in the Balance sheet:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Present value of obligation as at the end	10.20	8.59

iv On November 21, 2025, the Government of India notified the four Labour Codes-the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020; and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively, the “New Labour Codes”) consolidating twenty-nine existing labour laws into a unified framework. Subsequently, on December 30, 2025, the Ministry of Labour & Employment issued draft Central Rules and FAQs to facilitate assessment of the financial impact of these regulatory changes. Based on the best information currently available, the Company has assessed the incremental financial implications, resulting in an increase in gratuity liability due to past service cost of ₹ 4.78 crore and an increase in leave liability of ₹ 2.13 crore and the same has been recognized under the head “Employee benefit expenses” for the year ended March 31, 2026. The Company continues to monitor the finalisation of Central and State Rules, as well as further clarifications from the Government, and will evaluate and reflect any additional impact in its books of accounts as appropriate.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

41 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 have been mentioned below in respect of the amount payable to such enterprises as at March 31, 2026 & March 31, 2025 (refer note 16) based on information received and available with the Company.

Particulars	As at March 31, 2026	As at March 31, 2026
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	1.86	1.85
(ii) the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

42 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, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	1,874.84	-	1,874.84	783.05	-	783.05
Bank balance other than cash and cash equivalents	82.15	48.45	130.60	47.85	22.15	70.00
Trade receivables	7.40	-	7.40	3.70	-	3.70
Loans	3,390.63	2,610.20	6,000.83	5,088.30	2,172.85	7,261.15
Investments	2.06	-	2.06	0.07	2.00	2.07
Other financial assets	88.12	9.77	97.89	56.84	2.20	59.04
Derivative financial instrument	-	35.11	35.11	-	-	-
Non-financial assets						
Current tax assets (net)	6.12	-	6.12	33.61	-	33.61
Deferred tax assets (net)	-	76.39	76.39	-	-	-
Property, plant and equipment	-	10.73	10.73	-	15.44	15.44
Right of use assets	-	13.84	13.84	-	9.11	9.11
Other intangible assets	-	1.55	1.55	-	2.89	2.89
Intangible assets under development	-	18.93	18.93	-	2.38	2.38
Other non financial assets	12.72	5.79	18.51	49.98	0.25	50.23
Total Assets	5,464.04	2,830.76	8,294.80	6,063.40	2,229.27	8,292.67



Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Derivative financial instrument	-	-	-	-	0.17	0.17
Trade payables	32.34	-	32.34	18.95	-	18.95
Debt securities	40.00	265.93	305.93	145.00	-	145.00
Borrowings (other than debt securities)	3,214.69	1,995.91	5,210.60	4,564.15	1,639.09	6,203.24
Subordinated liabilities	-	54.23	54.23	-	53.78	53.78
Other financial liabilities	186.81	14.31	201.12	173.94	9.88	183.82
Non-financial liabilities						
Provisions	8.72	5.89	14.61	8.25	7.75	16.00
Other non-financial liabilities	20.04	-	20.04	28.34	0.04	28.38
Total Liabilities	3,502.60	2,336.27	5,838.87	4,938.63	1,710.71	6,649.34
Net Assets	1,961.44	494.49	2,455.93	1,124.77	518.56	1,643.33

43 Reconciliation of assets and liabilities arising from investing and financing activities

a. 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
Cash flows:				
April 1, 2025	145.00	6,203.24	53.78	6,402.02
Repayment	(145.00)	(5,516.35)	-	(5,661.35)
Proceeds	310.00	4,503.36	-	4,813.36
Non Cash:				
Amortisation of upfront fees	(4.07)	(10.10)	0.45	(13.72)
Exchange differences (net)	-	30.45	-	30.45
March 31, 2026	305.93	5,210.60	54.23	5,570.76
Cash flows:				
April 1, 2024	201.59	8,360.92	53.39	8,615.90
Repayment	(56.67)	(6,190.46)	-	(6,247.13)
Proceeds	-	4,030.13	-	4,030.13
Non Cash:				
Amortisation of upfront fees	0.08	(1.10)	0.39	(0.63)
Exchange differences (net)	-	3.75	-	3.75
March 31, 2025	145.00	6,203.24	53.78	6,402.02

b. There is no non cash activities in investing activities except depreciation of ₹ 9.60 crore (Previous Year: ₹ 11.67 crore) and Unrealised gain on mutual funds of ₹ 0.06 crore (Previous Year: ₹ 0.07 crore).

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

44 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 2016' (Scheme 2016) and 'Employee Stock Option Scheme 2023' (Scheme 2023). The key terms and conditions related to the grant of the stock options are as follows:

- The ESOP Scheme 2016 is effective form January 16, 2017 and is administered through a ESOP Trust (Fusion Employees Benefit Trust). The ESOP Scheme 2023 has been approved by the members by passing special resolution dated 26th March 2023 and is administrated through a ESOP Trust (Fusion Employees Benefit 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 a specified period.
- The Company has formed Fusion ESOP Trust on September 27, 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.
- As on March 31, 2026, the ESOP trust have 3,65,940 equity shares, (March 31, 2025: 3,70,180). 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. As at March 31, 2026, the Company has reduced the shares allotted to ESOP Trust amounting ₹ 0.37 crore (March 31, 2025: ₹ 0.37 crore) from the share capital and ₹ 10.70 crore (March 31, 2025: ₹ 10.82 crore) from the share premium. These are shown as treasury shares.
- 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.

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

Note: Some of the options are granted based on market conditions. The vesting period is considered 5 years from the date of grant.

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	March 31, 2026		March 31, 2025	
	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	21,43,590	402.90	19,70,315	426.13
Add: Granted during the year	55,44,487	168.52	4,20,700	320.05
Less: Lapsed/forfeited during the year	12,09,055	295.72	2,13,725	468.99
Less: Exercised during the year	4,240	54.08	33,700	307.41
Outstanding options at the end of the year	64,74,782	222.44	21,43,590	402.90

Options exercisable at the end of the year 8,44,962 8,32,114

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2026 was ₹ 175.00 (March 31, 2025: ₹ 459.94).



Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

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, 2026	As at March 31, 2025
March 31, 2018	3,30,540				
Tranche 1	82,635	March 31, 2027	64.08	-	1,061
Tranche 2	82,635	March 30, 2028	64.08	-	1,060
Tranche 3	82,635	March 30, 2029	64.08	-	1,061
Tranche 4	82,635	March 30, 2030	64.08	-	1,059
September 30, 2019	5,46,180				
Tranche 1	1,36,545	September 30, 2028	154.04	-	-
Tranche 2	1,36,545	September 30, 2029	154.04	-	-
Tranche 3	1,36,545	September 30, 2030	154.04	-	-
Tranche 4	1,36,545	September 30, 2031	154.04	11,235	29,986
November 8, 2019	31,790				
Tranche 1	7,948	November 8, 2028	154.04	-	-
Tranche 2	7,948	November 8, 2029	154.04	-	-
Tranche 3	7,948	November 8, 2030	154.04	1,125	1,125
Tranche 4	7,948	November 8, 2031	154.04	1,125	1,125
February 18, 2020	13,000				
Tranche 1	3,250	February 18, 2029	290.48	1,050	1,050
Tranche 2	3,250	February 18, 2030	290.48	1,050	1,050
Tranche 3	3,250	February 18, 2031	290.48	1,050	1,050
Tranche 4	3,250	February 19, 2032	290.48	1,050	1,050
August 19, 2020	1,62,000				
Tranche 1	40,500	August 19, 2029	290.48	-	-
Tranche 2	40,500	August 19, 2030	290.48	-	-
Tranche 3	40,500	August 19, 2031	290.48	2,125	20,875
Tranche 4	40,500	August 19, 2032	290.48	5,500	25,500
November 9, 2020	67,500				
Tranche 1	16,875	November 9, 2029	290.48	-	-
Tranche 2	16,875	November 9, 2030	290.48	-	-
Tranche 3	16,875	November 9, 2031	290.48	1,000	1,000
Tranche 4	16,875	November 9, 2032	290.48	7,250	14,750
February 5, 2021	3,55,000				
Tranche 1	88,750	February 5, 2030	290.48	5,375	7,625
Tranche 2	88,750	February 5, 2031	290.48	12,500	14,750
Tranche 3	88,750	February 5, 2032	290.48	29,250	36,500
Tranche 4	88,750	February 5, 2033	290.48	41,000	51,625

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for the year ended March 31, 2026

(₹ in Crores)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2026	As at March 31, 2025
February 14, 2022	5,18,500				
Tranche 1	1,29,625	February 14, 2031	327.50	19,250	51,250
Tranche 2	1,29,625	February 14, 2032	327.50	40,000	73,750
Tranche 3	1,29,625	February 14, 2033	327.50	47,000	87,000
Tranche 4	1,29,625	February 14, 2034	327.50	47,000	87,000
October 13, 2022	5,76,250				
Tranche 1	1,44,062	October 13, 2031	339.48	51,876	88,751
Tranche 2	1,44,063	October 13, 2032	339.48	74,188	1,19,313
Tranche 3	1,44,062	October 13, 2033	339.48	74,188	1,19,313
Tranche 4	1,44,063	October 13, 2034	339.48	74,188	1,19,313
June 09, 2023	5,66,000				
Tranche 1	1,41,500	June 9, 2032	507.85	84,875	1,16,250
Tranche 2	1,41,500	June 9, 2033	507.85	84,875	1,16,250
Tranche 3	1,41,500	June 9, 2034	507.85	84,875	1,16,250
Tranche 4	1,41,500	June 9, 2035	507.85	84,875	1,16,250
November 06, 2023	3,79,500				
Tranche 1	94,875	November 6, 2032	616.25	62,250	82,500
Tranche 2	94,875	November 6, 2033	616.25	62,250	82,500
Tranche 3	94,875	November 6, 2034	616.25	62,250	82,500
Tranche 4	94,875	November 6, 2035	616.25	62,250	82,500
May 06, 2024	1,62,200				
Tranche 1	40,550	May 6, 2033	536.00	22,150	32,775
Tranche 2	40,550	May 6, 2034	536.00	22,150	32,775
Tranche 3	40,550	May 6, 2035	536.00	22,150	32,775
Tranche 4	40,550	May 6, 2036	536.00	22,150	32,775
October 05, 2024	30,000				
Tranche 1	7,500	October 5, 2033	236.61	7,500	7,500
Tranche 2	7,500	October 5, 2034	236.61	7,500	7,500
Tranche 3	7,500	October 5, 2035	236.61	7,500	7,500
Tranche 4	7,500	October 5, 2036	236.61	7,500	7,500
November 15, 2024	2,28,500				
Tranche 1	57,125	November 15, 2033	177.71	45,875	57,125
Tranche 2	57,125	November 15, 2034	177.71	45,875	57,125
Tranche 3	57,125	November 15, 2035	177.71	45,875	57,125
Tranche 4	57,125	November 15, 2036	177.71	45,875	57,125

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(₹ in Crores)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2026	As at March 31, 2025
June 05, 2025	22,57,500				
Tranche 1	5,64,375	June 5, 2034	164.97	4,36,955	-
Tranche 2	5,64,375	June 5, 2035	164.97	4,36,955	-
Tranche 3	5,64,375	June 5, 2036	164.97	4,36,955	-
Tranche 4	5,64,375	June 5, 2037	164.97	4,36,955	-
June 05, 2025	9,72,494				
Tranche 1	2,43,123	June 5, 2031	164.97	2,43,123	-
Tranche 2	2,43,124	June 5, 2031	164.97	2,43,124	-
Tranche 3	2,43,123	June 5, 2031	164.97	2,43,123	-
Tranche 4	2,43,124	June 5, 2031	164.97	2,43,124	-
June 05, 2025	9,72,493				
Tranche 1	9,72,493	June 5, 2031	164.97	9,72,493	-
June 12, 2025	1,00,000				
Tranche 1	25,000	June 12, 2034	195.73	25,000	-
Tranche 2	25,000	June 12, 2035	195.73	25,000	-
Tranche 3	25,000	June 12, 2036	195.73	25,000	-
Tranche 4	25,000	June 12, 2037	195.73	25,000	-
July 04, 2025	1,25,000				
Tranche 1	31,250	July 4, 2034	205.80	31,250	-
Tranche 2	31,250	July 4, 2035	205.80	31,250	-
Tranche 3	31,250	July 4, 2036	205.80	31,250	-
Tranche 4	31,250	July 4, 2037	205.80	31,250	-
August 08, 2025	60,000				
Tranche 1	15,000	August 4, 2034	153.10	15,000	-
Tranche 2	15,000	August 4, 2035	153.10	15,000	-
Tranche 3	15,000	August 4, 2036	153.10	15,000	-
Tranche 4	15,000	August 4, 2037	153.10	15,000	-
August 17, 2025	1,50,000				
Tranche 1	37,500	August 17, 2034	147.51	37,500	-
Tranche 2	37,500	August 17, 2035	147.51	37,500	-
Tranche 3	37,500	August 17, 2036	147.51	37,500	-
Tranche 4	37,500	August 17, 2037	147.51	37,500	-
September 15, 2025	87,000				
Tranche 1	21,750	September 15, 2034	179.83	21,750	-
Tranche 2	21,750	September 15, 2035	179.83	21,750	-
Tranche 3	21,750	September 15, 2036	179.83	21,750	-
Tranche 4	21,750	September 15, 2037	179.83	21,750	-

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for the year ended March 31, 2026

(₹ in Crores)

Grant date	Number of options	Expiry date	Exercise price	Number of options outstanding	
				As at March 31, 2026	As at March 31, 2025
October 02, 2025	90,000				
Tranche 1	22,500	October 2, 2034	193.67	22,500	-
Tranche 2	22,500	October 2, 2035	193.67	22,500	-
Tranche 3	22,500	October 2, 2036	193.67	22,500	-
Tranche 4	22,500	October 2, 2037	193.67	22,500	-
November 04, 2025	70,000				
Tranche 1	17,500	November 4, 2034	187.23	17,500	-
Tranche 2	17,500	November 4, 2035	187.23	17,500	-
Tranche 3	17,500	November 4, 2036	187.23	17,500	-
Tranche 4	17,500	November 4, 2037	187.23	17,500	-
January 17, 2026	4,25,000				
Tranche 1	1,06,250	January 17, 2035	173.09	1,06,250	-
Tranche 2	1,06,250	January 17, 2036	173.09	1,06,250	-
Tranche 3	1,06,250	January 17, 2037	173.09	1,06,250	-
Tranche 4	1,06,250	January 17, 2038	173.09	1,06,250	-
February 02, 2026	55,000				
Tranche 1	13,750	February 2, 2035	183.37	13,750	-
Tranche 2	13,750	February 2, 2036	183.37	13,750	-
Tranche 3	13,750	February 2, 2037	183.37	13,750	-
Tranche 4	13,750	February 2, 2038	183.37	13,750	-
February 27, 2026	1,45,000				
Tranche 1	36,250	February 27, 2035	204.09	36,250	-
Tranche 2	36,250	February 27, 2036	204.09	36,250	-
Tranche 3	36,250	February 27, 2037	204.09	36,250	-
Tranche 4	36,250	February 27, 2038	204.09	36,250	-
March 20, 2026	10,000				
Tranche 1	2,500	March 20, 2035	159.34	2,500	-
Tranche 2	2,500	March 20, 2036	159.34	2,500	-
Tranche 3	2,500	March 20, 2037	159.34	2,500	-
Tranche 4	2,500	March 20, 2038	159.34	2,500	-
March 31, 2026	25,000				
Tranche 1	6,250	March 31, 2035	138.24	6,250	-
Tranche 2	6,250	March 31, 2036	138.24	6,250	-
Tranche 3	6,250	March 31, 2037	138.24	6,250	-
Tranche 4	6,250	March 31, 2038	138.24	6,250	-
Outstanding options at the end of the year				64,74,782	21,43,590
Weighted average remaining contractual life of options outstanding at the end of the year				7.98 years	8.54 years

Notes to the Financial Statements

for the year ended March 31, 2026
(₹ in Crores)

D. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option granted during the financial year 2025-26 was ranged between ₹ 55.35 - ₹ 107.93 (during the previous year 2024-25 was ranged between ₹ 98.47 - ₹ 301.41).

The fair value of options and the inputs used in the measurement of the fair values of the grants issued during the financial year 2025-26 and previous year 2024-25 for 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
May 06, 2024						
Tranche 1	May 6, 2033	44.99%	536.00	536.00	7.24%	266.66
Tranche 2	May 6, 2034	44.85%	536.00	536.00	7.27%	291.59
Tranche 3	May 6, 2035	44.64%	536.00	536.00	7.26%	312.98
Tranche 4	May 6, 2036	45.05%	536.00	536.00	7.28%	334.41
October 05, 2024						
Tranche 1	October 5, 2033	44.23%	236.61	236.61	6.87%	115.24
Tranche 2	October 5, 2034	43.78%	236.61	236.61	6.92%	125.69
Tranche 3	October 5, 2035	43.78%	236.61	236.61	6.93%	135.42
Tranche 4	October 5, 2036	44.08%	236.61	236.61	6.95%	144.66
November 15, 2024						
Tranche 1	November 15, 2033	44.51%	177.71	177.71	6.96%	87.11
Tranche 2	November 15, 2034	44.02%	177.71	177.71	6.97%	94.83
Tranche 3	November 15, 2035	44.36%	177.71	177.71	6.99%	102.57
Tranche 4	November 15, 2036	44.44%	177.71	177.71	7.04%	109.36
June 05, 2025						
Tranche 1	June 5, 2034	30.20%	164.97	164.97	6.00%	62.88
Tranche 2	June 5, 2035	31.72%	164.97	164.97	6.11%	71.89
Tranche 3	June 5, 2036	32.02%	164.97	164.97	6.22%	79.05
Tranche 4	June 5, 2037	32.73%	164.97	164.97	6.41%	86.52
June 05, 2025						
Tranche 1	June 5, 2031	27.47%	164.97	164.97	5.88%	48.04
Tranche 2	June 5, 2031	27.71%	164.97	164.97	5.95%	52.51
Tranche 3	June 5, 2031	29.19%	164.97	164.97	5.96%	57.96
Tranche 4	June 5, 2031	30.20%	164.97	164.97	6.00%	62.88
June 05, 2025						
Tranche 1	June 5, 2031	31.26%	164.97	164.97	6.04%	67.72
June 12, 2025						
Tranche 1	June 12, 2034	30.13%	195.73	189.00	6.18%	69.97
Tranche 2	June 12, 2035	31.77%	195.73	189.00	6.33%	80.92
Tranche 3	June 12, 2036	32.06%	195.73	189.00	6.44%	89.33
Tranche 4	June 12, 2037	32.74%	195.73	189.00	6.56%	97.74

Notes to the Financial Statements

for the year ended March 31, 2026
(₹ in Crores)

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
July 04, 2025						
Tranche 1	July 4, 2034	45.00%	205.80	194.68	6.44%	91.08
Tranche 2	July 4, 2035	47.00%	205.80	194.68	6.53%	103.13
Tranche 3	July 4, 2036	47.00%	205.80	194.68	6.57%	111.41
Tranche 4	July 4, 2037	47.00%	205.80	194.68	6.63%	118.89
August 08, 2025						
Tranche 1	August 4, 2034	45.00%	153.10	147.48	6.21%	69.3
Tranche 2	August 4, 2035	47.00%	153.10	147.48	6.52%	78.84
Tranche 3	August 4, 2036	47.00%	153.10	147.48	6.48%	84.85
Tranche 4	August 4, 2037	47.00%	153.10	147.48	6.66%	90.78
August 17, 2025						
Tranche 1	August 17, 2034	45.00%	147.51	147.51	6.54%	71.78
Tranche 2	August 17, 2035	47.00%	147.51	147.51	6.64%	80.67
Tranche 3	August 17, 2036	47.00%	147.51	147.51	6.68%	86.79
Tranche 4	August 17, 2037	47.00%	147.51	147.51	6.74%	92.31
September 15, 2025						
Tranche 1	September 15, 2034	44.00%	179.83	179.83	6.31%	85.72
Tranche 2	September 15, 2035	47.00%	179.83	179.83	6.63%	98.32
Tranche 3	September 15, 2036	47.00%	179.83	179.83	6.58%	105.49
Tranche 4	September 15, 2037	47.00%	179.83	179.83	6.77%	112.63
October 02, 2025						
Tranche 1	October 2, 2034	44.00%	193.67	193.67	6.21%	92.01
Tranche 2	October 2, 2035	47.00%	193.67	193.67	6.52%	105.54
Tranche 3	October 2, 2036	47.00%	193.67	193.67	6.48%	113.26
Tranche 4	October 2, 2037	47.00%	193.67	193.67	6.66%	120.9
November 04, 2025						
Tranche 1	November 4, 2034	44.00%	187.23	178.54	6.25%	82.26
Tranche 2	November 4, 2035	47.00%	187.23	178.54	6.51%	94.92
Tranche 3	November 4, 2036	47.00%	187.23	178.54	6.51%	102.35
Tranche 4	November 4, 2037	47.00%	187.23	178.54	6.65%	109.44
January 17, 2026						
Tranche 1	January 17, 2035	44.00%	173.09	173.09	6.57%	83.21
Tranche 2	January 17, 2036	47.00%	173.09	173.09	6.73%	94.92
Tranche 3	January 17, 2037	46.00%	173.09	173.09	6.81%	101.13
Tranche 4	January 17, 2038	46.00%	173.09	173.09	6.82%	107.47

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(₹ in Crores)

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
February 02, 2026						
Tranche 1	February 2, 2035	44.00%	183.37	179.76	6.68%	85.61
Tranche 2	February 2, 2036	47.00%	183.37	179.76	6.77%	97.72
Tranche 3	February 2, 2037	46.00%	183.37	179.76	6.84%	104.2
Tranche 4	February 2, 2038	46.00%	183.37	179.76	6.91%	111.07
February 27, 2026						
Tranche 1	February 27, 2035	44.00%	204.09	188.26	6.48%	85.44
Tranche 2	February 27, 2036	47.00%	204.09	188.26	6.64%	98.76
Tranche 3	February 27, 2037	46.00%	204.09	188.26	6.68%	105.6
Tranche 4	February 27, 2038	46.00%	204.09	188.26	6.73%	112.92
March 20, 2026						
Tranche 1	March 20, 2035	44.00%	159.34	159.01	6.56%	76.32
Tranche 2	March 20, 2036	46.00%	159.34	159.01	6.77%	86.2
Tranche 3	March 20, 2037	46.00%	159.34	159.01	6.83%	92.88
Tranche 4	March 20, 2038	46.00%	159.34	159.01	6.88%	98.83
March 31, 2026						
Tranche 1	March 31, 2035	44.00%	138.24	138.24	6.80%	66.96
Tranche 2	March 31, 2036	45.00%	138.24	138.24	6.97%	74.61
Tranche 3	March 31, 2037	46.00%	138.24	138.24	7.03%	81.32
Tranche 4	March 31, 2038	46.00%	138.24	138.24	7.16%	86.72

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility approximates historical volatility.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

45 Related party disclosure

i. Names of the related party and nature of relationship during the year

Description of relationship	Designation	Name of Related Party
Key Management Personnel*	Managing Director & Chief Executive Officer (Note 1)	Mr. Sanjay Garyali
	Managing Director (Note 2)	Mr. Devesh Sachdev
	Chief Financial Officer (Note 3)	Mr. Krishan Gopal
	Chief Financial Officer (Note 4)	Mr. Gaurav Maheshwari
	Interim Chief Financial Officer (Note 5)	Mr. Amandeep Singh
	Company Secretary and Compliance Officer (Note 6)	Mr. Vikrant Sadana
	Company Secretary and Chief Compliance Officer (Note 7)	Mr. Deepak Madaan
Directors	Independent Director (Note 8 & 9)	Ms. Namrata Kaul
		Mr. Puneet Gupta
		Mr. Rajeev Sardana
		Mr. Brahamanand Hegde
		Ms. Ratna Dharashree Vishwanathan
	Non-Executive Director (Nominee) (Note 10 to 13)	Mr. Hemant Omprakash Mundra
		Ms. Remika Agarwal
		Mr. Narendra Ostawal
		Mr. Kenneth Dan Vander Weele
Entities exercising significant influence over the Company	Shareholder	Honey Rose Investment Ltd
Post Employment Benefits Plan	Gratuity Trust	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund

*Key management personnel means the Managing Director & Chief Executive Officer, the Chief Financial Officer, the Company Secretary & Compliance Officer and the Whole-Time Director of the Company.

Note 1: The Designation of Mr. Sanjay Garyali has been changed from “CEO” to “Managing Director & CEO”. During the year, he was appointed as Director & Whole Time Director of the Company from August 18, 2025. Thereafter, he was appointed as Managing Director w.e.f. September 30, 2025.

Note 2: Mr. Devesh Sachdev has been resigned from the position of Managing Director w.e.f. Septemeber 30, 2025 and step down from directorship of the company w.e.f. November 04, 2025.

Note 3: Mr. Krishan Gopal has been appointed as Chief Financial Officer w.e.f. January 17, 2026.

Note 4: Mr. Gaurav Maheshwari has been resigned from the position of Chief Financial Officer w.e.f. June 25, 2025.

Note 5: Mr. Amandeep Singh has served the Company as Interim Chief Financial Officer w.e.f. June 26, 2025 till January 17, 2026.

Note 6: Mr. Vikrant Sadana has been appointed as Company Secretary and Compliance Officer w.e.f. August 18, 2025.

Note 7: Mr. Deepak Madaan has been resigned from the position of “Company Secretary and Chief Compliance Officer” w.e.f. August 17, 2025.

Note 8: Mr. Rajeev Sardana has been appointed as Independent Director w.e.f. August 18, 2025.

Note 9: Mr. Brahamanand Hegde has been appointed as Independent Director w.e.f. Feburary 06, 2026.

Note 10: Mr. Hemant Omprakash Mundra has been appointed as Non-Executive Director w.e.f. September 04, 2025.

Note 11: Ms. Remika Agarwal has been appointed as Non-Executive Director w.e.f. March 31, 2026.

Note 12: Mr. Narendra Ostawal has been resigned as Nominee Director w.e.f. September 04, 2025.

Note 13: Mr. Kenneth Dan Vander Weele has been resigned as Nominee Director w.e.f. March 31, 2026.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the year ended March 31, 2026	For the year ended March 31, 2025
Mr. Sanjay Garyali	Managerial remuneration*	4.19	1.61
Mr. Sanjay Garyali	Share based compensation expense	3.26	-
Mr. Devesh Sachdev	Managerial remuneration*	12.15	6.32
Mr. Krishan Gopal	Remuneration	0.40	-
Mr. Krishan Gopal	Share based compensation expense	0.41	-
Mr. Gaurav Maheshwari	Remuneration	0.65	1.40
Mr. Gaurav Maheshwari	Share based compensation expense #	(0.51)	0.36
Mr. Amandeep Singh	Remuneration	0.88	-
Mr. Amandeep Singh	Share based compensation expense #	(0.07)	-
Mr. Vikrant Sadana	Remuneration	0.16	-
Mr. Vikrant Sadana	Share based compensation expense	0.04	-
Mr. Deepak Madaan	Remuneration	0.49	0.82
Mr. Deepak Madaan	Share based compensation expense #	(0.41)	0.29
Ms. Ratna Dharashree Vishwanathan	Sitting fees	0.28	0.19
Ms. Ratna Dharashree Vishwanathan	Commission	0.08	0.08
Ms. Namrata Kaul	Sitting fees	0.35	0.21
Ms. Namrata Kaul	Commission	0.08	0.08
Mr. Pankaj Vaish	Sitting fees	-	0.09
Mr. Pankaj Vaish	Commission	-	0.08
Mr. Pankaj Vaish	Reimbursement of travelling expenses	-	0.03
Mr. Puneet Gupta	Sitting fees	0.37	0.09
Mr. Puneet Gupta	Commission	0.08	-
Mr. Rajeev Sardana	Sitting fees	0.13	-
Mr. Brahmanand Hegde	Sitting fees	0.04	-
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment	5.24	0.22

The amount payable to related parties:

Name of the related party	Nature of transaction	As at March 31, 2026	As at March 31, 2025
Mr. Brahmanand Hegde	Sitting fees	0.01	-
Ms. Namrata Kaul	Sitting fees	0.01	-
Mr. Puneet Gupta	Sitting fees	0.01	-
Mr. Rajeev Sardana	Sitting fees	0.02	-
Ms. Ratna Dharashree Vishwana- than	Sitting fees	0.01	-

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

*The managerial remuneration paid to the Managing Director of the Company for the previous financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013. As per the provision of the act, the excess amount is subject to approval of the shareholders. The Company has obtained the requisite approval for previous financial year along with the current financial year in its Annual General Meeting held on July 22, 2025.

During the year ended March 31, 2026. the Company has reversed share based compensation expenses related to unvested stock options due to resignation of key managerial personnel.

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 and leave compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits.

46 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, 2026		As at March 31, 2025	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost				
Financial assets:				
Cash and cash equivalents	1,874.84	1,874.84	783.05	783.05
Bank balance other than cash and cash equivalents	130.60	130.60	70.00	70.00
Trade receivables	7.40	7.40	3.70	3.70
Loans	6,000.83	6,000.83	7,261.15	7,261.15
Other financial assets	97.89	97.89	59.04	59.04
	8,111.56	8,111.56	8,176.94	8,176.94
At fair value				
Derivative financial instrument	35.11	35.11	-	-
Investments	2.06	2.06	2.07	2.07
	37.17	37.17	2.07	2.07
	8,148.73	8,148.73	8,179.01	8,179.01
Financial liabilities:				
Trade payables	32.34	32.34	18.95	18.95
Debt securities	305.93	321.49	145.00	151.84
Borrowings (other than debt securities)	5,210.60	5,207.76	6,203.24	6,193.34
Subordinated liabilities	54.23	56.19	53.78	57.39
Other financial liabilities	201.12	201.12	183.82	183.82
	5,804.22	5,818.90	6,604.79	6,605.34
At fair value				
Derivative financial instrument	-	-	0.17	0.17
	-	-	0.17	0.17
	5,804.22	5,818.90	6,604.96	6,605.51

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

B. Fair value hierarchy of assets and liabilities

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2026	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Derivative financial instrument	35.11	-	35.11	-	35.11
Investments	2.06	2.06	-	-	2.06
	37.17	2.06	35.11	-	37.17
As at March 31, 2025	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Investments	2.07	2.07	-	-	2.07
	2.07	2.07	-	-	2.07
Financial Liabilities:					
Derivative financial instrument	0.17	-	0.17		0.17
	0.17	-	0.17	-	0.17

B.2 Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2026	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Loans	6,000.83	-	-	6,000.83	6,000.83
	6,000.83	-	-	6,000.83	6,000.83
Financial Liabilities:					
Debt securities	305.93	-	-	321.49	321.49
Borrowings (other than debt securities)	5,210.60	-	-	5,207.76	5,207.76
Subordinated liabilities	54.23	-	-	56.19	56.19
	5,570.76	-	-	5,585.44	5,585.44

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

As at March 31, 2025	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets:					
Loans	7,261.15	-	-	7,261.15	7,261.15
	7,261.15	-	-	7,261.15	7,261.15
Financial Liabilities:					
Debt securities	145.00	-	-	151.84	151.84
Borrowings (other than debt securities)	6,203.24	-	-	6,193.34	6,193.34
Subordinated liabilities	53.78	-	-	57.39	57.39
	6,402.02	-	-	6,402.57	6,402.57

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

The management assessed that carrying value of financial assets (other than loans) and financial liabilities (other than debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments. There were no transfers between Level 3 and Level 1 / Level 2 during the current year and previous year.

The management assessed that carrying value of financial assets (other than loans) and financial liabilities (other than debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

C. Valuation framework

The 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 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 methodologies of financial instruments

Loans (measured at amortised cost)

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. The Company has considered carrying amount of loans net of impairment loss allowance is of reasonable approximation of their fair value.

Debt Securities, Borrowings and Subordinated liabilities (measured at amortised cost)

The fair values of the Company's fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

Derivative financial instrument

The Company has entered into derivative financial instruments with counterparty being a financial institution with investment grade credit ratings. Currency and Interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. As at March 31, 2026, the mark-to-market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk.

Investments

The Company has measured investments based on market value i.e. NAV as at reporting date.

47 Transfers of financial assets

A. Transfer of financial assets that are not derecognised in their entirety:

The Company generally enters into securitization arrangement with various parties wherein, the Company has transferred a pool of loan portfolio. The Company, being originator of these loan receivables, also acts as servicer with a responsibility of collection of receivables from its borrowers. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms such as fixed deposits and book debts as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement,



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for the year ended March 31, 2026
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the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided. In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109.

Thus 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:

Particulars	As at March 31, 2026	As at March 31, 2026
Securitisation:		
Assets - Loans	330.60	-
Liabilities - Borrowings	288.12	-

B. Transfer of financial assets that are derecognised in their entirety:

The Company generally enters into assignment deals, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109 is being met as substantially all the risks and rewards relating to assets being transferred to the buyer , hence the assets have been derecognised.

The management evaluates the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company’s business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognized financial assets and the net gain on derecognition during the year:

Particulars	March 31, 2026	March 31, 2025
Assignment:		
Carrying amount at the time of derecognition of financial assets	1,166.00	1,010.00
Carrying amount of derecognised financial assets as at reporting date (in respect of new transactions)	839.73	559.69
Net gain from derecognition	57.21	89.14

Since the Company transferred the above financial assets in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognized at its present value on the date of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset after deduction of expenses incurred.

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48 Financial risk management

Introduction risk profile

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.

Risk management framework

As a lending institution, the Company is exposed to various risks that are related to lending business and operating environment. 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.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit that undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

A. Credit risk

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company’s policy that no trading in derivatives for speculative purposes may be undertaken. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. As per risk

management policy of the Company, it only deals with counterparties, which has good credit rating/ worthiness given by external rating agencies or based on Company’s internal assessment. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk is the risk of loss that may occur from defaults by our borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details and usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event.

The Company believes that the Micro finance loans (MFI) have shared risk characteristics (i.e. homogeneous) across various states in India. Similarly, the MSME loans are considered to have shared risk characteristics. Accordingly, the Company believes that these product categories are the best measure of credit risk concentration. Refer note 6 for the product wise loan balances.

(a) Probability of default (PD)

PD describes the probability of a loan to eventually falling into stage 3. PD percentage is calculated for entire loan portfolio and is determined by using available historical observations.

PD for stage 1: is derived as percentage of all loans in stage 1 moving into stage 3 in 12-months’ time.

PD for stage 2: is derived as percentage of all loans in stage 2 moving into stage 3 in the maximum lifetime



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(₹ in Crores)

of the loans under observation. Marginal PD is used in case cash flows/ repayment schedule is available, else cumulative PD is used.

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 agriculture, real GDP, consumer prices, domestic demand, inflation, etc.) is incorporated as part of the internal assessment . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

(b) Exposure at default (EAD)

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

(c) Loss given default (LGD)

The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan is considered credit impaired. Recovery rate is the total of discounted value of all the recoveries on the credit impaired loan account divided by the outstanding of the loan account after its first default. LGD = 1 - (Recovery rate).

(d) Discounting factor (Df)

The discounting factor is computed using the effective interest rate (EIR) for the portfolio.

(e) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

(f) Expected credit loss on Loans

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the internal assessment of the historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product,

inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

i) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

ii) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

iii) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal assessment and forward-looking information to assess deterioration in credit quality of a financial asset.

Expected credit loss on other financial assets

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

The Company monitors changes in credit risk by tracking published external credit ratings. In order

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(₹ in Crores)

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.

49 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 for managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they

are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has assets liability management (ALM) policy and ALM Committee to review and monitor liquidity risk and ensure the compliance with the prescribed regulatory requirement. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

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

As at March 31, 2026	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	399.93	335.59	464.11	916.68	1,471.62	1,931.33	232.49	71.87	5,823.62
Debt securities	1.40	1.47	1.52	54.43	8.87	314.14	-	-	381.83
Subordinated liabilities	0.57	0.58	0.57	1.73	3.43	57.63	-	-	64.51
Other financial liabilities	120.99	40.96	18.35	6.02	1.94	7.74	5.18	5.92	207.10
Trade payables	32.34	-	-	-	-	-	-	-	32.34
Total undiscounted financial liabilities	555.23	378.60	484.55	978.86	1,485.86	2,310.84	237.67	77.79	6,509.40

As at March 31, 2025	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	511.28	437.04	578.66	1,339.04	2,095.33	1,573.16	95.88	90.73	6,721.12
Debt securities	-	154.50	-	-	-	-	-	-	154.50
Subordinated liabilities	0.57	0.58	0.57	1.73	3.43	64.51	-	-	71.39
Other financial liabilities	146.39	6.27	20.22	0.71	1.36	5.65	4.70	2.35	187.60
Trade payables	18.32	-	0.59	-	0.04	-	-	-	18.95
Total undiscounted financial liabilities	676.56	598.39	600.04	1,341.48	2,100.16	1,643.32	100.58	93.08	7,153.61



Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

50 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, credit, liquidity etc. The Company is exposed to three type's of market risks as follow:

(i) Interest rate risk

Interest rate risk is the risk that might adversely affect the financial position of the Company because of changes in market interest rates. The Company subject to interest rate risk, principally because the Company 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. The immediate impact of change in the interest rates is on earnings (i.e. reported profits) by changing its Net Interest Margin (NIM).

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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, 2026	March 31, 2025
0.50 % Increase	18.93	31.25
0.50 % Decrease	(18.93)	(31.25)

(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. To manage its price risk arising from investments in quoted mutual funds, the Company periodically monitors the sectors it has invested in, performance of the investee companies and measures mark-to-market gains/(losses). As of March 31, 2026, the company has exposure to mutual fund ₹ 2.06 Crore (March 31, 2025 : ₹ 2.07 Crore).

With all other variables held constant, the profit before tax is affected through the impact change in price of mutual fund, as follows:

Finance Cost	March 31, 2026	March 31, 2025
10 % Increase	0.21	0.21
10 % Decrease	(0.21)	(0.21)

(iii)Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. To mitigate the Company's exposure to foreign currency risk, derivative contracts are entered into in accordance with the Company's risk management policies. The Company manages its foreign currency risk by entering into cross currency swaps. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

For hedges of forecasted transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company hedges its exposure to fluctuations on the translation into INR of its foreign currency transactions by using foreign currency swaps and forwards. At March 31, 2026, the Company hedged 100% (March 31, 2025: 100%), for entire term of borrowing, of its expected interest and principle repayments on External commercial borrowings. This foreign currency risk is hedged by using cross currency swaps

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Details of borrowings denominated in foreign currency and derivatives (i.e., currency and interest rate swaps) held for risk management purposes as economic hedges:

Particulars	Foreign currency in crore	
	As at March 31, 2026	As at March 31, 2025
	USD	Euro
Borrowings		
External commercial borrowings	4.35	2.50
Less: Currency swap	2.50	2.50
Less: Currency and Interest rate swaps	1.85	-
Unhedged External commercial borrowings	-	-

51 Capital Management Risk

The Company actively manages its capital base to cover risk inherent to its business and meets the capital adequacy requirement of the regulator i.e. Reserve Bank of India ("RBI").

(i) Capital Management Objective

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 aims to maintain a strong capital base to support the risks inherent to its business and growth strategies.

The growth plans are aligned to risks - which includes credit, liquidity and interest rate risk. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Regulatory Capital

Particulars	As at March 31, 2026	As at March 31, 2025
Tier I Capital	2,149.33	1,585.01
Tier II Capital	6.35	116.20
	2,155.68	1,701.21
Risk Weighted Assets	5,912.14	7,586.26
CRAR Tier 1 Capital - %	36.35%	20.89%
CRAR Tier 2 Capital - %	0.11%	1.53%
CRAR - %	36.46%	22.42%

(iii) Gearing Ratio (Net debt to equity ratio)

Particulars	As at March 31, 2026	As at March 31, 2025
Net Debt*	3,582.59	5,567.10
Total equity	2,455.93	1,643.33
Net debt to equity ratio	1.46	3.39

*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

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

52 Contingent Liabilities, commitments and contingent assets

A. Contingent liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Income Tax Act*	-	29.47
Goods & Service Tax Act (Pending with Appellate Authority)	0.01	0.01
Goods & Service Tax Act (Pending with State Authority)	0.07	0.06
First Loss Default Given (FLDG) for Business Correspondences Portfolio**	4.47	4.20
	4.55	33.74

* The demand had been raised by the Income Tax Authorities for the financial year 2019-20 & 2020-21 which was disputed by the Company before the Appellate Authorities (CIT Appeal). During the year ended March 31, 2026; the order has been passed in the favor of the Company. However, the Income Tax Authorities have filed an appeal against the order paased by CIT Appeal before Income Tax Appellate Tribunal (ITAT).

**The Company has business correspondence arrangement with the bank. As per the terms of the said agreement, the Company has given the first loss default guarantee (FLDG) in the form of fixed deposit amounting to ₹ 4.47 Crore as at March 31, 2026. (March 31, 2025: ₹ 4.20 Crore) (Refer Note 4).

B. Commitments

Capital commitments [Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) :

Particulars	As at March 31, 2026	As at March 31, 2025
Tangible	-	-
Intangible	6.43	-
Other commitments :		
Loans sanctioned but not disbursed	16.36	-
Lease Commitments (Non-Cancellable period)	0.59	-
Total	23.38	-

C. Contingent assets

There are no contingent assets as at March 31, 2026 and March 31, 2025.

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, 2026, the Company does not have any litigations pending with Income tax authorities, Goods and service authorities and other statutory authorities in the ordinary course of business requiring any provision to be provided in books of accounts.

E. The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

53 Revenue from contracts with customers

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Type of services		
Facilitation fees (refer note 28)	0.19	14.46
Income from business correspondence services (refer note 28)	0.90	0.68
Income from corporate agency services (refer note 28)	14.69	-
Market support income (refer note 32)	18.00	24.77
Income from assigned portfolio management services (refer note 31)	2.52	0.20
Total	36.30	40.11
(b) Geographical markets		
India	36.30	40.11
Outside India	-	-
Total	36.30	40.11
(c) Timing of revenue recognition		
Service transferred at a point in time	36.30	40.11
Services transferred over time	-	-
Total	36.30	40.11

Particulars	As at March 31, 2026	As at March 31, 2025
(d) Trade receivables		
Facilitation fees	0.13	0.69
Business correspondence services	1.18	0.72
Corporate agency service	3.84	-
Market support services	2.94	2.23
Assigned portfolio management services	0.49	0.06
Total	8.58	3.70

54 Leases

Company as a lessee

The Company has created right of use assets and lease liabilities on account of building and vehicle taken on lease as per IND AS 116. The terms of the leases ranges from 2 years to 9 years. The Company has branch offices on lease for which ‘short term lease’ recognition exemption is applied. Accordingly, lease rentals of ₹ 31.48 crore for year ended March 31, 2026 (₹ 30.22 crore for the year ended March 31, 2025) on such short term leases has been directly charged to Statement of profit and loss.



Notes to the Financial Statements for the year ended March 31, 2026

(₹ in Crores)

Set out below are the carrying amounts of Right of use asset recognized and the movements during the year (Refer note 12):

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Carrying Value as at the beginning of the year	9.11	8.46
Addition of new assets during the year	6.95	2.81
Deletion of assets during the year	-	(0.35)
Depreciation charged during the year	(2.22)	(1.81)
Carrying Value as at the end of the year	13.84	9.11

Set out below are the carrying amounts of lease liabilities and the movements during the year: (Refer note 20)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Carrying Value as at the beginning of the year	11.51	10.48
Addition of new lease during the year	6.95	2.81
Accretion of interest during the year	1.55	1.23
Derecognition of lease during the year	-	(0.41)
Payments made against lease during the year	(3.36)	(2.60)
Carrying Value as at the end of the year	16.65	11.51

The following are the amounts recognized in statement of profit or loss:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation expense of Right of use asset (refer note 12)	2.22	1.81
Interest expense on lease liabilities (refer note 34)	1.55	1.23
Total amount recognized in profit or loss	3.77	3.04

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

Particulars	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
As on March 31, 2026									
Lease Liabilities	0.31	0.31	0.31	0.93	1.94	7.74	5.18	5.91	22.63
As on March 31, 2025									
Lease Liabilities	0.22	0.22	0.22	0.66	1.33	5.65	4.70	2.34	15.34

Total cash outflow for leases for the year March 31, 2026 and March 31, 2025 were ₹ 34.83 crore and ₹ 32.82 crore respectively. The effective interest rate for lease liabillities ranging between 9.79% to 11.00%.

Notes to the Financial Statements for the year ended March 31, 2026

(₹ in Crores)

55 Additional information required by Reserve Bank of India (Non-Banking Financial Companies - Financial Statements: Presentation and Disclosures) Directions, 2025

a. Capital to risk assets ratio ('CRAR')

Particulars	As at March 31, 2026	As at March 31, 2025
CRAR (%)	36.46%	22.42%
CRAR- Tier I (%)	36.35%	20.89%
CRAR- Tier II (%)	0.11%	1.53%
Amount of subordinated debt raised as Tier-II capital*	54.23	53.78
Amount raised by issue of Perpetual Debt Instruments	-	-

*represents outstanding amount of Subordinated debt as on reporting date.

b. Exposures

i) Exposure to real estate sector

Category	As at March 31, 2026	As at March 31, 2025
A. Direct Exposure		
i) Residential Mortgages	599.97	515.21
ii) Commercial Real Estate	-	-
iii) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
B. Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-

ii) Exposure to capital market

The Company does not have any exposure to capital market as on March 31, 2026 (March 31, 2025 : ₹ Nil).

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

iii) Sectoral Exposure #

Sectors	As at March 31, 2026			As at March 31, 2025		
	Total Expo- sure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that Sector	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that Sector
1. Agriculture & Allied Activities	5,759.05	330.51	5.74%	7,103.54	687.05	9.67%
2. Industry						
i) Product Manufacturers	575.11	46.75	8.13%	798.74	96.48	12.08%
Total	575.11	46.75	8.13%	798.74	96.48	12.08%
3. Service						
i) Others (Micro activities & essential services)	415.61	28.23	6.79%	358.40	29.26	8.17%
ii) Wholesale/Retail Trade	656.27	55.75	8.49%	718.89	46.89	6.52%
Total	1,071.88	83.98	7.83%	1,077.29	76.16	7.07%
4. Personal Loans						
i) Consumer Product Loans	1.19	0.09	7.56%	0.35	-	0.00%
Total	1.19	0.09	7.56%	0.35	-	0.00%
5. Others, if any (please specify)	-	-	-	-	-	-

This disclosure is prepared based on the principal outstanding of assets under management (AUM) as at reporting date.

iv) Intra-group exposures

The Company does not have intra-group exposure as on March 31, 2026 (March 31, 2025 : ₹ Nil)

v) Unhedged foreign currency exposure

The Company does not have unhedged foreign currency exposure as on March 31, 2026 (March 31, 2025 : ₹ NIL)

c. Asset liability management:

Maturity pattern of certain items of assets and liabilities as on March 31, 2026

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 year	3 to 5 year	Over 5 year	Total
Borrowings (Note 1)	59.53	51.17	253.52	294.68	424.91	851.57	1,319.31	2,063.05	187.63	65.39	5,570.76
Loans & Advances (Note 2)	138.59	81.94	176.00	329.51	327.78	879.94	1,511.11	2,308.48	257.07	90.16	6,100.58
Investments	-	-	-	0.06	-	-	2.00	-	-	-	2.06

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Maturity pattern of certain items of assets and liabilities as on March 31, 2025

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 year	3 to 5 year	Over 5 year	Total
Borrowings (Note 1)	46.39	70.44	323.73	539.57	535.37	1,231.18	1,962.46	1,539.10	76.12	77.66	6,402.02
Loans & Advances (Note 2)	124.26	127.15	320.77	494.61	461.04	1,403.07	2,342.06	2,006.60	164.53	80.70	7,524.79
Investments	-	-	-	0.07	-	-	-	2.00	-	-	2.07

Note 1 - Borrowings exclude accrued interest

Note 2 - Net of provision towards non-performing loans and advances

d. Information on instances of fraud :

Instances of fraud reported during the year ended March 31, 2026

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount provided
Cash Embezzlement	811	2.70	0.75	1.95

Instances of fraud reported during the year ended March 31, 2025

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount provided
Cash Embezzlement	425	3.85	0.79	3.06

e. Ratings assigned by credit rating agencies and migration of ratings during the year:

Particulars	Amount	Credit Rating Agency	Date of Rating	Valid up to	Current Rating	Previous Rating
Bank Loan Rating	1,500.00	Credit Analysis & Research Ltd.	27-Mar-26	See Note 1	CARE A (Stable)	CARE A ; Rating watch with Negative implications
Bank Loan Rating	8,000.00	CRISIL Limited	30-Dec-25	See Note 1	CRISIL A- ; Stable	CRISIL A- ; Stable
Non - Convertible Debenture	150.00	Credit Analysis & Research Ltd.	27-Mar-26	See Note 1	CARE A (Stable)	-
Non - Convertible Debenture	500.00	ICRA Limited	27-Nov-25	See Note 1	ICRA A- (Stable)	-
Non - Convertible Debenture	145.00	ICRA Limited	21-Feb-25	See Note 1	-	ICRA A- (Negative)
Subordinate Debt (NCD)	55.00	ICRA Limited	27-Nov-25	See Note 1	ICRA A- (Stable)	ICRA A- (Negative)
Commercial Paper	50.00	CRISIL Limited	30-Dec-25	See Note 1	CRISIL A1	CRISIL A1
Securitization (Pass Through Certificate)	80.52	CRISIL Limited	26-Sep-25	See Note 1	AA+ (SO)	-
Securitization (Pass Through Certificate)	45.97	CRISIL Limited	5-Aug-25	See Note 1	CRISIL AA- (SO)	-
Securitization (Pass Through Certificate)	82.05	CRISIL Limited	4-Nov-25	See Note 1	AA- (SO)	-
Securitization (Pass Through Certificate)	118.11	CRISIL Limited	19-Dec-25	See Note 1	CRISIL AA- (SO)	-
Securitization (Pass Through Certificate)	36.85	CRISIL Limited	29-Jan-26	See Note 1	CRISIL A (SO)	-
Securitization (Pass Through Certificate)	36.57	CRISIL Limited	31-Mar-26	See Note 1	CRISIL AA+ (SO)	-
Securitization (Pass Through Certificate)	57.47	CRISIL Limited	31-Mar-26	See Note 1	CRISIL AA+ (SO)	-
Organization Grading	N.A	CARE Analytics and Advisory Private Limited	19-Sep-25	18-Sep-26	MFI 1 (One)	-
Organization Grading	N.A	CARE Advisory Research and Training Limited	3-Jun-24	31-May-25	-	MFI 1 (One)

Note 1: Rating is subject to annual surveillance till final repayment/redemption of rated facilities.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

f. Disclosure of Complaints

i) Summary Information on complaints received from the customers and from the office of ombudsman

Particulars	No. of Complaints	
	March 31, 2026	March 31, 2025
Complaint received from Customers		
No. of complaints pending at the beginning of the year	651	60
No. of complaints received during the year	5,896	4,603
No. of complaints redressed/disposed during the year	5,878	4,012
out of above, no. of complaints rejected by the Company	109	550
No. of complaints pending at the end of the year	669	651
Maintainable Complaint received from the office of ombudsman		
No. of maintainable received by the Company from the office of ombudsman	113	85
of which, no. of complaints resolved in the favor of Company	110	82
of which, no. of complaints resolved through conciliation/ media- tion/ advisories issued by the office of ombudsman	Nil	Nil
of which, no. of complaints resolved after passing awards by the office of ombudsman against Company	Nil	Nil
No. of Awards unimplemented within stipulated time (other than those appealed)	Nil	Nil
No. of Complaints pending at the end of the year	3	3

ii) Top five grounds of complaints received from the customers

Ground of Complaints	No. of Com- plaints pend- ing at the beginning of the year	No. of Com- plaints re- ceived during the year	% increase/ (decrease) in no. of Complaint received from previous year	No. of Com- plaints pend- ing at the end of the year	No. of Com- plaints pending beyond 30 Days
	For the year ended 31 March, 2026				
Contact Details rectification	12	1617	13.16%	Nil	Nil
Loan & Advances	203	1531	20.36%	265	88
Insurance	390	1455	25.43%	304	229
Staff Behaviour	11	408	32.47%	39	15
Credit Bureau related	26	567	87.75%	44	4
	For the year ended 31 March, 2025				
Contact Details rectification	8	1429	20.49%	12	Nil
Loan & Advances	34	1272	62.24%	203	106
Insurance	5	1160	204.46%	390	267
Staff Behaviour	5	308	102.63%	11	Nil
Credit Bureau related	6	302	190.38%	26	7

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

g. Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2026	As at March 31, 2025
Concentration of Advances		
Total advances to twenty largest borrowers*	4.99	3.09
(%) of advances to twenty largest borrowers to total advances	0.08%	0.04%
Concentration of Exposures		
Total exposure to twenty largest borrowers*	4.99	3.09
(%) of exposures to twenty largest borrowers to total exposure	0.08%	0.04%
Concentration of NPAs		
Total exposure to top four NPA accounts*	0.58	0.51

* represents principal outstanding and also does not include interest accrued

h. Sector wise NPAs*

Particulars	% of NPA to total advances in that sector	
	As at March 31, 2026	As at March 31, 2025
Agriculture & allied activities #	5.74%	9.67%
MSME	8.13%	12.08%
Corporate borrowers	NA	NA
Services	7.83%	7.07%
personal loans	7.56%	0.00%
Auto loans	NA	NA

* based on the principal outstanding of assets under management (AUM) as at reporting date

including manufacturing & production, trade & retail, CS and others.

i. Movement of NPA's

Particulars	March 31, 2026	March 31, 2025
i) Net NPA to net advances percentage	0.52%	0.31%
ii) Movement of NPAs (Gross)		
a) Opening balance	645.72	297.25
b) Additions during the year	593.40	1,680.81
c) Reduction during the year (write off)	(1,038.12)	(1,332.34)
d) Closing balance	201.00	645.72
iii) Movement of net NPAs		
a) Opening balance	22.43	60.32
b) Additions during the year	8.85	(37.89)
c) Reduction during the year	-	-
d) Closing balance	31.28	22.43
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	623.29	236.93
b) Provision made during the year	584.55	1718.70
c) Write off/ write back of excess provisions	(1,038.12)	(1,332.34)
d) Closing balance	169.72	623.29

Notes to the Financial Statementsfor the year ended March 31, 2026

(₹ in Crores)

j. Investments

Particulars	March 31, 2026	March 31, 2025
1. Value of Investments		
(i) Gross value of investments		
(a) In India	2.06	2.07
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	2.06	2.07
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/write-back of excess provisions during the year	-	-
Closing balance	-	-

j(a) Public disclosure on liquidity risk management

(i) Funding concentration based on significant counterparty *(both deposits and borrowings)

	Number of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities
March 31, 2026	25	4,988.51	-	85.44%
March 31, 2025	26	5,739.38	-	86.32%

(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 crore and % of total borrowings)

Particulars	March 31, 2026		March 31, 2025	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings
	3,652.11	65.56%	3,678.63	57.46%

(iv) Funding concentration based on significant instrument/product*

Name of the instrument/product	March 31, 2026		March 31, 2025	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term loans from Banks	3,768.11	64.53%	5,259.29	79.09%
External Commercial Borrowing	402.40	6.89%	208.67	3.14%
Non Convertible Debentures	305.93	5.24%	145.00	2.18%
Term Loans from Others Parties (NBFC and FIs)	751.97	12.88%	735.28	11.06%
Securitisation	288.12	4.93%	-	-

Notes to the Financial Statementsfor the year ended March 31, 2026

(₹ in Crores)

(v) Stock Ratios

Particulars	As at March 31, 2026			As at March 31, 2025		
	As a % of total public funds*	As a % of total liabilities*	As a % of total assets	As a % of total public funds*	As a % of to-tal liabilities*	As a % of total assets
Commercial papers	-	-	-	-	-	-
Non Convertible Debenture (Original Maturity of less than one year)	-	-	-	-	-	-
Other short-term liabilities	62.87%	59.99%	42.23%	77.14%	74.27%	59.55%

(vi) Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility for establishing the risk management framework for the Company. The Board in turn has established an ALM Committee (ALCO) for evaluating, monitoring and reviewing liquidity and interest rate risks arising in the Company on both sides of the Balance sheet. The Board based on recommendations from the ALCO has prescribed policies and the risk limits for the management of liquidity risk.

ALCO Committee is responsible for managing the risks arising out of Asset Liability mismatches consistent with the regulatory requirements and internal risk tolerances established by the Board. Amongst other responsibilities, ALCO has been empowered to decide the funding mix for the company in light of the future business strategy and prevailing market conditions. ALCO committee is conducted at least once in a quarter and the ALCO minutes are reviewed by the Board from time to time.

*Notes

- 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.
- 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.
- Total Liabilities has been computed as sum of all liabilities (Balance sheet figure) less equities and reserve/surplus.
- “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 5 years from the date of issue as defined in Regulatory Framework.
- The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2026.

k. Details of assignment transactions:

Particulars	March 31, 2026	March 31, 2025
Total no. of loans assigned	4,91,547	3,36,939
Aggregate book value of loan assigned	1,166.00	1,010.00
Sale consideration received for loan assigned	1,166.00	1,010.00
Aggregate gain / (loss) over net book value	-	-

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

I. Disclosure related to securitization

Particulars	As at March 31, 2026	As at March 31, 2025
1.Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitisation transactions	7	-
2.Total amount of securitised assets as per books of the SPVs sponsored by the Company	522.57	-
3.Total amount of exposures retained by the Company to comply with Minimum Retention Rate (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss	45.21	-
* Others	52.49	-
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	-	-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	457.54	-
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7. Performance of facility provided		
(a) Amount paid	200.20	-
(b) Repayment received	193.01	-
(c) Outstanding amount	264.53	-
8. Average default rate of portfolios observed in the past	-	-
9.Amount and number of additional/top up loan given on same underlying asset	-	-
10. Investor complaints:		
(a) Directly/Indirectly received	-	-
(b) Complaints outstanding	-	-

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

m. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2026	March 31, 2025
Provision for non-performing loan portfolio	584.55	1,718.70
Provision for standard portfolio	(163.89)	146.21
Provision for business correspondence portfolio	0.12	0.01
Provision for Tax (net)	(76.78)	91.53
Provision for cash loss	0.21	1.12
Provision for gratuity	5.91	3.17
Provision for leave benefits	5.39	4.16
Provision for trade receivables	1.18	-
Provision for others financial assets	3.33	4.58
Provision for Employee Contingency	0.75	1.80

n. Prudential floor for impairment loss

Assets classification under RBI norms March 31 2026	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I**	6,006.23	54.63	5,951.60	25.31	29.32
	Stage II**	63.07	45.12	17.95	0.34	44.78
Subtotal (A)		6,069.30	99.75	5,969.55	25.65	74.10
Non-performing assets						
Sub-standard	Stage III	192.09	165.71	26.38	90.14	75.57
Doubtful						
Up to 1 year	Stage III	8.91	4.01	4.90	1.78	2.23
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		201.00	169.72	31.28	91.92	77.80
Total	Stage I	6,006.23	54.63	5,951.60	25.31	29.32
	Stage II	63.07	45.12	17.95	0.34	44.78
	Stage III	201.00	169.72	31.28	91.92	77.80
	Total	6,270.30	269.47	6,000.83	117.57	151.90

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Assets classification under RBI norms March 31 2025	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I**	7,246.14	102.24	7,143.90	31.43	70.81
	Stage II**	256.22	161.40	94.82	1.08	160.32
		7,502.36	263.64	7,238.72	32.51	231.13
Subtotal (A)						
Non-performing assets						
Sub-standard	Stage III	645.72	623.29	22.43	171.69	451.60
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)		645.72	623.29	22.43	171.69	451.60
Total	Stage I	7,246.14	102.24	7,143.90	31.43	70.81
	Stage II	256.22	161.40	94.82	1.08	160.32
	Stage III	645.72	623.29	22.43	171.69	451.60
	Total	8,148.08	886.93	7,261.15	204.20	682.73

*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 Indian GAAP.

** The provision given in Stage I & Stage II includes contingent provision on standard assets @ 0.40% as per the requirement of Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025 dated November 28, 2025, as amended.

This also includes additional 10% provision on restructured loans as per the requirement of RBI Circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021.

o. Details of penalties imposed by RBI and other regulators

March 31, 2026

Particulars	Regulating Authority	Amount*	Reason	Status
Section 152(6) of the Companies Act, 2013	Registrar of Companies, ROC Delhi	3,00,000/-	The company was in violation of section 152 (6) of the Companies Act, 2013, for the period from July 20, 2021 to July 08, 2023, during which period the Company was required to have three Non-Independent Directors liable to retire by rotation, whereas only one Non-Independent Director was designated as such. Further, with effect from July 8, 2023, the Company had complied with the provisions of Section 152(6) of the Companies Act, 2013. The aforesaid order has been passed pursuant to an application voluntarily filed by the Company for adjudication of penalties. The matter has now been concluded through the adjudication process.	Paid

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

March 31, 2025

Particulars	Regulating Authority	Amount*	Reason	Status
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Nation-al Stock Exchange of India Limited ("NSE")	74,340/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the nine days falling in September 2024 quarter i.e. September 22, 2024 September 30, 2024.	Paid
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	BSE	74,340/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the nine days falling in September 2024 quarter i.e. September 22, 2024 September 30, 2024.	Paid
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Nation-al Stock Exchange of India Limited ("NSE")	33,040/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the four days falling in December 2024 quarter i.e. October 1, 2024, to October 4, 2024.	Paid
Regulation 17(1) and Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	BSE	33,040/-	Delay in compliance on the composition of the Company's Board and Audit Committee. The Company have been in compliance since October 5, 2024. The penalty was imposed for the four days falling in December 2024 quarter i.e. October 1, 2024, to October 4, 2024.	Paid

*The amount mentioned above is in absolute figure & inclusive of taxes.

p. 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 year ended March 31, 2026 and March 31, 2025.

q. Details of non-performing financial assets purchased / sold

The Company has not purchased / sold any non-performing financial assets during the year ended March 31, 2026 and March 31, 2025.

r. 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 year ended March 31, 2026 and March 31, 2025.

s. Draw down from reserves

There has been no draw down from reserves for the year ended March 31, 2026 and March 31, 2025.

t. Derivatives

Forward Rate Agreement / Interest Rate Swap (comprises currency and interest rate swaps)

Particulars	March 31, 2026	March 31, 2025
Notional Principal of swap agreements	373.29	208.84
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreement	(35.11)	0.17
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swap	-	-
Fair value of the swap book	(35.11)	0.17

Exchange Traded Interest Rate (IR) Derivatives

The Company has not traded in Interest Rate Derivative during the financial year ended March 31,2026 (March 31, 2025: Nil).

Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure:

The Company doesn't actively seek to profit from buying or selling of derivatives. The derivative transactions are undertaken only to the extent that it is required to hedge against foreign currency exposure. The Company has entered into currency and interest rate swap agreements to protect it against loss arising out of foreign currency fluctuations.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Quantitative Disclosure:

Particulars	March 31, 2026	March 31, 2025
Derivatives (Notional Principal amount) for hedging	373.29	208.84
Marked to market positions		
Asset (+)	35.11	-
Liability (-)	-	(0.17)
Credit Exposure	373.29	208.84
Unhedged Exposure	-	-

u. The Company has no loans outstanding as at March 31, 2026 and March 31, 2025 that are secured against gold.

v. Details of registration with financial and other regulators

Regulator	Registration number	Date of Registration
Ministry of Corporate Affairs (Note 1)	L65100DL1994PLC061287	September 5, 1994
Reserve Bank of India (Note 2)	B-14.02857	May 19, 2010
Insurance Regulatory and Development Authority of India (Note 3)	CA1083	October 17, 2025

Note 1: The amended certificate consequent to change in the name of Fusion Finance Limited was issued by Registrar of Companies, Central Processing Centre, Haryana on July 09, 2024 under section 14 of the Companies Act, 2013.

Note 2: The amended certificate consequent to change in the name of Fusion Finance Limited was issued by Reserve Bank of India on August 30, 2024.

Note 3: The Company has registered with IRDAI as a Corporate Agent (Composite) w.e.f. October 17, 2025 under section 42D (1) of the Insurnace Act, 1938.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

w. Disclosure of Liquidity risk management

Particulars	For the quarter ended March 31, 2026		For the quarter ended March 31, 2025	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	-	582.97	-	421.20
Cash Outflows				
2 Deposits (for deposit taking companies)	-	-	-	-
3 Unsecured wholesale funding	-	-	-	-
4 Secured wholesale funding	-	-	-	-
5 Additional requirements, of which	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
6 Other contractual funding obligations	605.12	695.89	690.84	794.46
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	605.12	695.89	690.84	794.46
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	1,127.73	845.80	786.77	590.08
12 Total cash inflows	1,127.73	845.80	786.77	590.08

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For the quarter ended March 31, 2026		For the quarter ended March 31, 2025	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		582.97		421.20
14 Total net cash outflows		173.97		204.38
15 Liquidity Coverage ratio (%)		335.09%		206.09%
Following assets formed part of HQLA				
Assets				
Cash on hand		7.03		10.96
Balances with banks – Current Accounts		575.94		410.24
Total		582.97		421.20

Particulars	For the quarter ended December 31, 2025		For the quarter ended December 31, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	-	640.31	-	513.39
Cash Outflows				
2 Deposits (for deposit taking companies)	-	-	-	-
3 Unsecured wholesale funding	-	-	-	-
4 Secured wholesale funding	-	-	-	-
5 Additional requirements, of which	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
6 Other contractual funding obligations	583.17	670.65	697.28	801.87
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	583.17	670.65	697.28	801.87
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	877.33	658.00	851.72	638.79
12 Total cash inflows	877.33	658.00	851.72	638.79

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For the quarter ended December 31, 2025		For the quarter ended December 31, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		640.31		513.39
14 Total net cash outflows		167.66		200.47
15 Liquidity Coverage ratio (%)		381.91%		256.10%
Following assets formed part of HQLA				
Assets				
Cash on hand		7.30		6.74
Balances with banks – Current Accounts		633.01		506.65
Total		640.31		513.39

Particulars	For the quarter ended September 30, 2025		For the quarter ended September 30, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	-	388.34	-	781.02
Cash Outflows				
2 Deposits (for deposit taking companies)	-	-	-	-
3 Unsecured wholesale funding	-	-	-	-
4 Secured wholesale funding	-	-	-	-
5 Additional requirements, of which	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
6 Other contractual funding obligations	614.49	706.66	783.07	900.53
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	614.49	706.66	783.07	900.53
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	717.64	538.23	1,121.91	841.43
12 Total cash inflows	717.64	538.23	1,121.91	841.43

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For the quarter ended September 30, 2025		For the quarter ended September 30, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		388.34		781.02
14 Total net cash outflows		176.67		225.13
15 Liquidity Coverage ratio (%)		219.82%		346.91%
Following assets formed part of HQLA				
Assets				
Cash on hand		7.81		12.40
Balances with banks – Current Accounts		380.53		768.62
Total		388.34		781.02

Particulars	For quarter ended June 30, 2025		For quarter ended June 30, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	-	257.18	-	625.70
Cash Outflows				
2 Deposits (for deposit taking companies)	-	-	-	-
3 Unsecured wholesale funding	-	-	-	-
4 Secured wholesale funding	-	-	-	-
5 Additional requirements, of which	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of fund-ing on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
6 Other contractual funding obligations	594.14	683.26	723.71	832.26
7 Other contingent funding obligations	-	-	-	-
8 Total cash outflows	594.14	683.26	723.71	832.26
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	949.68	712.26	1,065.54	799.16
12 Total cash inflows	949.68	712.26	1,065.54	799.16

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For quarter ended June 30, 2025		For quarter ended June 30, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total Adjusted Value		Total Adjusted Value	
13 Total HQLA		257.18		625.70
14 Total net cash outflows		170.82		208.07
15 Liquidity Coverage ratio (%)		150.56%		300.72%
Following assets formed part of HQLA				
Assets				
Cash on hand		8.90		11.00
Balances with banks – Current Accounts		248.28		614.70
Total		257.18		625.70

Note:

The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein Balance Sheet carries a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the Balance Sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, and (2) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

For the purpose of HQLA the Company considers: (1) Cash on hand, and (2) Balances with banks – Current Accounts. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. As per the guidelines issued by RBI, currently, the Company is required to maintain LCR of 100%.

Notes to the Financial Statements

for the year ended March 31, 2026

x. Schedule to the Balance Sheet of a Non-Banking Financial Company:

(₹ in Crores)

S. No.	Particulars	As at March 31, 2026		As at March 31, 2025	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side					
1	Loans and advances availed by the Company inclusive of interest accrued thereon but not paid:				
a	Debentures : Secured	311.14	-	151.04	-
	Debentures : Unsecured (other than falling within the meaning of public deposits)	54.23	-	53.78	-
b	Deferred Credits	-	-	-	-
c	Term Loans	4,933.61	-	6,215.33	-
d	Inter corporate loans and borrowings	-	-	-	-
e	Commercial Paper	-	-	-	-
f	Public Deposit	-	-	-	-
g	Other loans*	305.70	-	11.51	-
*includes lease liability & borrowing through securitisation arrangement					

S. No.	Particulars	As at March 31, 2026	As at March 31, 2025
		Amount outstanding	Amount outstanding
Asset Side			
2	Break-up of Loans and Advances including bills receivables :	As at March 31, 2026 Amount outstanding	As at March 31, 2025 Amount outstanding
a	Secured	658.97	577.12
b	Unsecured	5,611.33	7,570.96
3	Current Investments		
1	Quoted		
(i)	Shares	-	-
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (Please specify)	-	-
2	Unquoted		
(i)	Shares		
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	2.06	0.07
(iv)	Government Securities	-	-
(v)	Others (Please specify)	-	-

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

S. No.	Particulars	As at March 31, 2026	As at March 31, 2025
		Amount outstanding	Amount outstanding
Long Term Investments			
1	Quoted		
(i)	Shares		
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (Please specify)	-	-
2	Unquoted		
(i)	Shares		
	(A) Equity	-	-
	(B) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	2.00
(iv)	Government Securities	-	-
(v)	Others (Please specify) - Pass through certificate, Units of debt fund and security receipts	-	-

4 Borrower group-wise classification of assets financed as in (2):& (3)

	Category	As at March 31, 2026 Amount net of provision			As at March 31, 2025 Amount net of provision		
		Secured	Unsecured	Total	Secured	Unsecured	Total
a.	Subsidiaries	-	-	-			
b.	Companies in the same group	-	-	-			
c.	other related parties	-	-	-			
d.	Other than related parties	619.33	5,381.50	6,000.83	556.55	6,704.60	7,261.15
Total		619.33	5,381.50	6,000.83	556.55	6,704.60	7,261.15

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

5 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

	Category	As at March 31, 2026		As at March 31, 2025	
		Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)
a.	Subsidiaries	-	-	-	-
b.	Companies in the same group	-	-	-	-
c.	other related parties	-	-	-	-
d.	Other than related parties	2.06	2.06	2.07	2.07
Total		2.06	2.06	2.07	2.07

6 Other information

	Particulars	As at March 31, 2026	As at March 31, 2025
		Amount	Amount
	Gross Non Performing Assets		
a.	Related parties	-	-
b.	Other than related parties (refer note 6)	201.00	645.72
	Net Non Performing Assets		
a.	Related parties	-	-
b.	Other than related parties (refer note 6)	31.28	22.43

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

y. Related Party Disclosures

For the year ended on March 31, 2026

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Directors	Relative of Directors	Relative of Key Managerial Personnel	Entities under Common Controlling Interest #	Trust under Control/ Significant Influence	Total
Borrowings :										
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-
Investments :										
Balance at the year end	-	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	18.91	-	-	-	-	-	18.91
Amount received for partly-paid shares	-	-	-	-	-	-	-	-	-	-
Others :										
Sitting Fees	-	-	-	-	1.16	-	-	-	-	1.16
Commission	-	-	-	-	0.23	-	-	-	-	0.23
Reimbursement of travelling expense	-	-	-	-	-	-	-	-	-	-
Share Based Compensation expense	-	-	-	2.72	-	-	-	-	-	2.72



Notes to the Financial Statements for the year ended March 31, 2026
(₹ in Crores)

For the year ended on March 31, 2025

Particulars	Parent (as per owner-ship or control)	Subsid- iaries	Associates/ Joint ven- tures	Key Man- agement Personnel	Direc- tors	Relative of Directors	Relative of Key Manag- eri- al Person- nel	Entities un- der Common Controlling Interest #	Trust under Control/ Significant Influence	Total
Borrowings :										
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-
Investments :										
Balance at the year end	-	-	-	-	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-	-	-	0.43	0.43
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	10.14	-	-	-	-	-	10.14
Amount re- ceived for part- ly-paid shares	-	-	-	-	-	-	-	-	-	-
Others :										
Sitting Fees	-	-	-	-	0.58	-	-	-	-	0.58
Commission	-	-	-	-	0.23	-	-	-	-	0.23
Reimbursement of travelling expenses	-	-	-	-	0.03	-	-	-	-	0.03
Share Based Compensation expenses	-	-	-	0.64	-	-	-	-	-	0.64

z. Loans to Directors, Senior Officers and Relatives of Directors

The Company has not given any loan to directors, senior officers & relative of directors.

Notes to the Financial Statements for the year ended March 31, 2026
(₹ in Crores)

aa. Breach of Covenant

The Company has breached financial covenant of loans availed or debt securities issued by the company as given below:

Instance of financial covenant breached	March 31, 2026*	March 31, 2025
1. GNPA	-	1,590.77
2. GNPA, NNPA	-	179.30
3. GNPA, NNPA, PAR60	-	582.92
4. GNPA, PAR30	-	132.83
5. GNPA, Write off, PAR90, NOF, PAR30	-	22.50
6. Operating self sufficiency	-	347.73
7. Operating Self Sufficiency, PAR90	-	50.00
8. Operating self-sufficiency, Return on assets	-	71.25
9. PAR30	-	296.59
10. PAR90	-	590.55
11. Positive PAT	-	183.68
12. Positive PAT, PAR30	-	145.00
13. Rating	25.84	269.50
14. Return on assets, Return on equity	60.00	300.00
15. Owned book	15.80	-
	101.64	4,762.62

*The Company has obtained extension for said breaches from lenders whose borrowings as of March 31, 2026 ₹ 37.95 crore. As a result, no demand for immediate repayment is anticipated until the extended date from these lenders. The Company is in discussion with the remaining lenders to obtain similar extensions and no demand for immediate repayment of borrowed fund is made by lenders to date.

ab. Divergence in Asset Classification and Provisioning

There was no instances of divergence in Assets Classification and Provisioning norms identified by RBI which is required to be disclosed as per RBI Directions for the year ended March 31, 2026 (March 31, 2025 : Nil)

56 “(i) Details of resolution plan implemented under the Resolution Framework for COVID-19-related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) are not applicable as the Company has not restructured any loan accounts under resolution framework 1.0.

(ii) Details of resolution plan implemented under the RBI Resolution Framework - 2.0: Resolution are given below:

S. No.	Description	MSME Loans
A	Exposure to accounts classified as standard consequent to implementation of resolution plan- Position as at the end of previous year i.e., March 31, 2025	0.69
B	of (A), aggregate debt that slipped into NPA during the year ended March 31, 2026	-
C	of (A), amount written-off during the year ended March 31, 2026	0.07
D	of (A), amount paid by the borrowers during the year ended March 31, 2026. *	0.02
E	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of the year i.e., March 31, 2026	0.60

* Amount paid by the borrower during the period is net of additions in the exposure on account of interest accrual.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

57 Details of loans transferred/acquired during the year ended March 31, 2026 and year ended March 31, 2025, , under RBI (NBFC-Transfer and Distribution of Credit Risk) Directions, 2025 read with RBI (NBFC- Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28, 2025 (as amended), are given below:

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

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	MFI	MSME	MFI	MSME
Number of loans	4,89,447	2,100	3,36,939	-
Aggregate amount of loans (including retention)	1,195.43	100.12	1,122.22	-
Sale Consideration of loans (excluding retention)	1,075.89	90.11	1,010.00	-
Number of transactions	15	4	7	-
Weighted average in maturity (in months)	12.93	67.98	16.73	-
Weighted average holding period (in months)	9.58	16.71	8.48	-
Retention of beneficial economic interest by the originator	10.00%	10.00%	10.00%	-
Tangible security cover	-	-	-	-
Rated wise distribution of rated loans	Not applicable	Not applicable	Not applicable	-

(ii) The Company has not transferred any non-performing assets (NPAs).

(iii) The Company has not acquired any loans through assignment.

(iv) The Company has not acquired any stressed loan.

58 a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) No funds have been received by the Company from any other person(s) or entity(ies), including foreign entities ("Funding Parties") with the understanding, whether recorded in writing or otherwise, that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

59 The Company is using three accounting software for maintaining its books of account wherein, audit trail feature (edit log facility) as per the requirements of proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, was available throughout the year ended March 31, 2026 and March 31, 2025.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

60 Analytical Ratios

Particulars	Numerator	Denominator	As at March 31, 2026	As at March 31, 2025	% variance	Reason for Variance
a) Capital to risk weighted assets ratio (CRAR)	Total Capital	Risk weighted assets	36.46%	22.42%	62.63%	Increase in Total Capital due to infusion of equity funds via Rights issue
(b) Tier I CRAR	Tier -I capital	Risk weighted assets	36.35%	20.89%	74.03%	Increase in Tier-I Capital due to infusion of equity funds via Rights issue
(c) Tier II CRAR	Tier -II capital	Risk weighted assets	0.11%	1.53%	-92.98%	Decrease of Tier-II Capital due to de-crease in impair-ment on Stage I
(d) Liquidity Coverage Ratio (LCR)	Total High Quality Liquid Assets (HQLA)	Total net cash outflows	335.09%	206.09%	62.60%	Increase in LCR due to decrease in net cash outflows and increase in li-quidity fund

Notes to above :

Total risk-weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

Tier I capital means owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

Liquidity Coverage Ratio (LCR) is given for the quarter ended March 31, 2026 and March 31, 2025.

High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

Notes to the Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

- 61 The Company, in respect of the comparative year, has provided the below mentioned note:
- During the year ended March 31, 2025, the Company recorded an allowance for Expected Credit Loss (“ECL”) of ₹1,864.91 crore, in respect of loans given, with a corresponding charge to the Statement of Profit and Loss, consequent to a significant increase in credit risk evidenced by slowing and delayed collections. In preparing this statement, the Company has not evaluated whether any of these allowances should have been recognized in any of the prior period presented because of limitations in objectively determining information relating to assumptions and circumstances as it existed in those prior periods. As a result, the Company has concluded that it was impracticable to evaluate and determine any amounts for retrospective recognition and measurement in those prior periods.
- 62 With regard to instruction under “Division III of Schedule III” under “Part II – Statement of Profit and Loss - General Instructions for preparation of Statement of Profit and Loss” :-
- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- (v) The Company has not any such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

for **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Sd/-
Shirish Rahalkar
Partner
Membership Number : 111212

Place: Gurugram
Date: May 15, 2026

Sd/-
Sanjay Garyali
Managing Director & CEO
DIN : 11046442

Sd/-
Krishan Gopal
Chief Financial Officer
M. No. 507108

Sd/-
Namrata Kaul
Director
DIN : 00994532

Sd/-
Vikrant Sadana
Company Secretary and Compliance Officer
M. No. A36584

Notes



Plot No. 86, Institutional sector 32, Gurgaon, Haryana - 122001

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