



IPO INSIGHTS



FUSION MICROFINANCE LIMITED

Issue Dates - Opens: 02-11-2022 | Closes: 04-11-2022

IPO Note	<ol style="list-style-type: none"> 1. Financial Services Provider to unserved and underserved women in rural and peri-rural areas across India 2. Diversified Low-Risk Loan Portfolio 3. High Debt to Equity, PAT Degrowth and Declining PAT Margins raises concerns 4. Supported by Marquee Investors such as Warburg Pincus LLC and Creation Investments Fusion LLC 5. Reasonably Priced
Rating	★★ (AVERAGE)

IPO SNAPSHOT

Issue Size	₹ 1104 Crores
Issue Type	Fresh Issue and Offer For Sale
Fresh Issue	₹ 600 Crores
Offer for Sale	₹ 504 Crores
Face Value Per Share	₹ 10
Price Band Per Share	₹ 350 - ₹ 368
Minimum Lot Size	40 shares
Listing On	BSE,NSE

Registrar to the Issue

Link Intime India Private Limited

IPO SNAPSHOT – Fusion Microfinance Ltd.

About the Company	<ul style="list-style-type: none"> ▪ Incorporated on September 5, 1994 as ‘Ambience Fincap Private Ltd’ ▪ Incorporated with core idea of creating opportunities at the bottom of the pyramid – provides financial services to unserved and underserved women in rural and peri-rural areas across India ▪ Networks and Services have improved accessibility to formal credit at affordable prices ▪ Prioritized organic geographic diversification in 2010 with focus on strategic management of state concentration risk by expanding into underpenetrated rural areas that offer significant growth opportunities ▪ Extended reach to 2.90 million active borrowers served through its network of 966 branches and 9262 permanent employees spread across 377 districts in 19 states and union territories across India as on June 30, 2022 ▪ Fourth lowest gross loan portfolio per district and second lowest gross loan portfolio per customer among top 10 NBFC-MFIs in India for FY 2022 demonstrating better diversification and low risk per customer (CRISIL Report) ▪ Benefits from a large and diversified mix of 56 lenders comprising a range of public banks, private banks, foreign banks and financial institutions as of June 30, 2022 ▪ Continues to invest & upgrade technology platforms and solutions with a goal of applying a comprehensive ‘Touch and Tech’ model across operations that focuses on maintaining frequent technology-based communication points that enhance efficiency and customer experience ▪ Supported by Marquee Investors such as “Warburg Pincus LLC” and “Creation Investments Fusion LLC” 																														
Competitive Strengths	<ul style="list-style-type: none"> ▪ Well-Diversified and extensive pan-India presence ▪ Proven execution capabilities with strong rural focus ▪ Access to diversified sources of capital with effective asset-liability mgmt. ▪ Robust Underwriting processes and Risk Management Practices ▪ Technologically Advanced Operating Models ▪ Stable and Experienced Management Team Supported by Marquee Investors 																														
Financials (₹ in Crores)	<table border="1"> <thead> <tr> <th>Particulars</th> <th>FY 2020</th> <th>FY 2021</th> <th>FY 2022</th> <th>Y-o-Y</th> </tr> </thead> <tbody> <tr> <td>Revenue from Operations</td> <td>720.26</td> <td>855.81</td> <td>1152.27</td> <td>34.64%</td> </tr> <tr> <td>EBITDA</td> <td>440.26</td> <td>435.79</td> <td>525.76</td> <td>20.64%</td> </tr> <tr> <td>EBITDA Margin</td> <td>61.1%</td> <td>50.9%</td> <td>45.7%</td> <td></td> </tr> <tr> <td>Profit After Tax</td> <td>69.61</td> <td>43.94</td> <td>21.76</td> <td>(50.47)%</td> </tr> <tr> <td>Profit After Tax Margin</td> <td>9.66%</td> <td>5.13%</td> <td>1.89%</td> <td></td> </tr> </tbody> </table> <p>Debt to Equity = 4.32</p>	Particulars	FY 2020	FY 2021	FY 2022	Y-o-Y	Revenue from Operations	720.26	855.81	1152.27	34.64%	EBITDA	440.26	435.79	525.76	20.64%	EBITDA Margin	61.1%	50.9%	45.7%		Profit After Tax	69.61	43.94	21.76	(50.47)%	Profit After Tax Margin	9.66%	5.13%	1.89%	
Particulars	FY 2020	FY 2021	FY 2022	Y-o-Y																											
Revenue from Operations	720.26	855.81	1152.27	34.64%																											
EBITDA	440.26	435.79	525.76	20.64%																											
EBITDA Margin	61.1%	50.9%	45.7%																												
Profit After Tax	69.61	43.94	21.76	(50.47)%																											
Profit After Tax Margin	9.66%	5.13%	1.89%																												
Valuation	<ul style="list-style-type: none"> ▪ Attributing FY23 Annualized Earnings, asking P/E = 12.3 																														
Peers	<table border="1"> <thead> <tr> <th>Name Of the Company</th> <th>TTM P/E</th> </tr> </thead> <tbody> <tr> <td>Credit Access Grameen Ltd</td> <td>42.60</td> </tr> <tr> <td>Spandana Sphoorty Financial Ltd</td> <td>52.76</td> </tr> <tr> <td>Bandhan Bank</td> <td>342.44</td> </tr> <tr> <td>Ujjivan Small Finance Bank Ltd</td> <td>Not Meaningful</td> </tr> <tr> <td>Suryodaya Small Finance Bank Ltd</td> <td>Not Meaningful</td> </tr> <tr> <td>Equitas Small Finance Bank Ltd</td> <td>20.21</td> </tr> </tbody> </table>	Name Of the Company	TTM P/E	Credit Access Grameen Ltd	42.60	Spandana Sphoorty Financial Ltd	52.76	Bandhan Bank	342.44	Ujjivan Small Finance Bank Ltd	Not Meaningful	Suryodaya Small Finance Bank Ltd	Not Meaningful	Equitas Small Finance Bank Ltd	20.21																
Name Of the Company	TTM P/E																														
Credit Access Grameen Ltd	42.60																														
Spandana Sphoorty Financial Ltd	52.76																														
Bandhan Bank	342.44																														
Ujjivan Small Finance Bank Ltd	Not Meaningful																														
Suryodaya Small Finance Bank Ltd	Not Meaningful																														
Equitas Small Finance Bank Ltd	20.21																														
Promoters	<ul style="list-style-type: none"> ▪ Devesh Sachdev, Creation Investments Fusion LLC, Creation Investments Fusion II LLC, Honey Rose Investments 																														
Objects of the issue	<ul style="list-style-type: none"> ▪ Fresh Issue to Augment Capital Base of the company ▪ Offer for Sale 																														

DISCLAIMER

The information provided by or in this newsletter is generally from the press reports, electronic media, research websites and other media. It also includes information from interviews conducted, analysis, views expressed by our research team. Investors should not rely solely on the information contained in this publication and must make their own investment decision based on their specific objectives and financial positions and using such independent advisor as they believe necessary. The material and the information provided herein are not and should not be construed as an advice to buy or sell any of the securities named in this newsletter. SIHL may or may not hold positions in any of the securities named in this newsletter as a part of its business. Past performance is not necessarily an indication of future performance. SIHL does not assure for accuracy and correctness of information of reports in this newsletter.

