

ALL ABOUT



Fusion

Microfinance

SECTOR - FINANCE & INVESTMENTS

Issue Opens - NOVEMBER 2 - NOVEMBER 4

Price Band

₹350 to ₹368

Face Value

₹10

Lot Size

40 SHARES

Issue Size

₹1104 CR

Issue Type

BOOK BUILT



RESEARCH@GANESHSTOCK.COM



Important Events

Issue Size

INR1104.00 Cr cr

Fresh Issue

INR600 Cr

Offer for Sale

13,695,466 Shares

Basis of Allotment

Nov 10, 2022

Initiation of Refunds

Nov 11, 2022

**Credit of Shares to
Demat**

Nov 14, 2022

DCX Systems IPO

Nov 15, 2022

Listing Date

Promoters

- **DEVESH SACHDEV (CEO & MANAGING DIRECTOR)**
- **TARUN MEHNDIRATTA (COO - MFI)**
- **KAMAL KUMAR KAUSHIK (COO - MSME)**
- **GAURAV MAHESHWARI (CHIEF FINANCIAL OFFICER)**
- **NAMRATA KAUL (INDEPENDENT DIRECTOR)**

Promoters collectively hold 85.57%% of the Equity Share .





ABOUT COMPANY

- **Fusion Micro Finance Ltd is engaged in supplying economic offerings to girls marketers belonging to the economically and socially disadvantaged phase of the society. The organisation's duties aren't restrained simply to economic assist however additionally to acquaint the customers to manipulate their financials via way of means of disseminating Financial Literacy to them.**
- **The organization have executed a great footprint throughout India, wherein the organization have prolonged its attain to 2.ninety million energetic debtors which had been served via our community of 966 branches and 9,262 everlasting personnel unfold throughout 377 districts in 19 states and union territories in India, as of June 30, 2022.**
- **The organization's enterprise runs on a joint legal responsibility group-lending model, in which a small range of girls shape a group (usually comprising 5 to seven members) and assure one another's loans.**





PRODUCT PORTFOLIO

- They founded the company with the main idea of creating opportunities at the bottom of the pyramid and they do so by providing financial services to underserved and underserved women in rural and peri-urban areas across India.

They are **one of the youngest companies among the top 10 NBFC-MFIs in India** by assets under management as of 31 March 2021. Additionally, they have a growing loan portfolio. third fastest compounding with 44% of the best NBFC-MFIs in India from FY 2018 to 2021,

OBJECTS OF THE OFFER

THE NET PROCEEDS FROM THE ISSUE ARE PROPOSED TO BE UTILIZED BY THE COMPANY FOR THE FOLLOWING OBJECTS:

- 1. AUGMENT THE CAPITAL BASE OF THE COMPANY.**



TRACK RECORD OF FINANCIAL PERFORMANCE

- REVENUE FROM OPERATIONS FOR FISCAL 2019, 2020 AND 2021 WAS ₹ 494.3CR, ₹ 720.2CR AND ₹ 855.8CR, RESPECTIVELY.
- THE GROWTH IN THE REVENUE FROM OPERATIONS INCREASED WITH CAGR OF 20%.
- PAT WAS ₹ 50.66CR, ₹69.6CR AND ₹ 44CR FOR THE FINANCIAL YEARS ENDED 2019, 2020 AND 2021, RESPECTIVELY
- FUSION MICROFINANCE HAS POSTED TOTAL ASSETS OF RS. 3610.5CR. , RS. 4240 AND RS. 5837.93 FY22. FOR FOR THE FINANCIAL YEARS ENDED 2019, 2020 AND 2021, RESPECTIVELY.
- Total Borrowing 2973.68 in FY 20 4432.25 in FY21 and Quaterly 4422.65 , 5775.81 Q1FY21 & Q4FY21. 6009.97 In Q1FY22
- FUSION MICROFINANCE HAS REPORTED AN EPS OF RS. 10.49 , RS. 10.47 & RS, 5.56 FOR THE FY 2019 , 20 & 2021 AND AN AVERAGE RONW OF 6.57% %.
- NET ASSET VALUE PER EQUITY SHARE AROUND 150 AS OF 31 MAR 21





STRENGTHS

- They have a strong focus on rural areas and 92.51% of total customers as well as 69.24% of total branches are present in rural areas.
- The company is diversified and has a presence all over India with 6,351 employees in 326 districts across 18 Indian states.
- They have a very technologically advanced operating model that is regularly reviewed and revised to maintain a fast and scalable business model.
- The company has a strong, competent and experienced management team with the founder, Mr. Devesh Sachdev having more than 25 years of practical experience.

RISKS

- Any microfinance company all face inherent risks due to the type of customers it lends to. There is no other form of loan.
- If there is a fluctuation in interest rates, it could adversely affect the company's net profit margin and net interest income.
- An unforeseen increase in NPA can have a negative impact on a company's cash flow, operations, and overall financials.
- There are certain risks associated with the large number of branches and staff that the bank handles.



Valuation and Outlook

IN TERMS OF VALUATION, PRICE BAND OF THE ISSUE IS INR 350 - 368 PER SHARE. ON A PRICE RANGE ABOVE INR 368 AND FY 22 EPS OF 2.64INR , THE P/E RATIO IS 139X. COMPARED TO THE PUBLICLY TRADED COMPETITOR IN THE INDUSTRY AVERAGE IS 46X. THE FUSION MICROFINANCE, ACCORDING TO DRHP OF SOME COMPANY IS LISTED WHOSE PE MULTIPLE IS SHOWN IN THIS TABLE.

S.NO.	COMPANY	PE RATIO
1.	CREDITACCESS GRAMEEN LIMITED	26.6
2.	SPANDANA SPHOORTY FINANCIAL LIMITED	00
3.	UJJIVAN SMALL FINANCE BANK LTD	226
4.	BANDHAN BANK LIMITED	10.1
5.	SURYODAY SMALL FINANCE BANK LTD	00

THE BUSINESS HAS ESTABLISHED ITSELF AS ONE OF THE FIRST TWO MFIS IN INDIA OVER THE YEARS. DESPITE GROWING TOP LINES, IT REPORTED DECREASED EARNINGS BETWEEN FY20 AND FY22 DUE TO THE PANDEMIC, NATURAL DISASTERS, AND EXPANSION SPENDING. ACCORDING TO Q1 OF FY23, IT IS ON A RECOVERY PATH. AND

BASED ON ITS FINANCIAL PERFORMANCE, THE ISSUE APPEARS OVER PRICED. INVESTORS MAY CONSIDER INVESTING IN **THIS ISSUE FOR THE LONG-TERM ONLY.**