CreditAccess

CreditAccess India N.V.

Annual Report FY 2020/21

For the year ended 31 March 2021

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Directors' Report

"In business for over 13 years, CreditAccess India N.V. provides affordable and tailored financial services to Rural Under-banked Households in India. Serving 4 million clients, through 14,000 employees, right in the villages: women managing retail shops, small-scale trading, handicraft products, family farming and animal husbandry"

Vision

To be the preferred financial partner of Rural Under-banked Families in India, enriching their lives by providing convenient and reliable financial solutions, matching their evolving needs.

General information

CreditAccess India Group (the "Group") is a well-established group of healthy and secure financial standing which attracts funds globally and provides working capital loans and other financial services to small, informal businesses and unbanked workers in India. Our clients are mainly women running retail shops, small-scale traders and family farmers.

We deploy our assets in a country of more than 1.3 billion individuals and around 107 million unbanked rural households, representing the hidden backbone of the local economy where we operate.

The Group structure consists *inter alia* of the parent company CreditAccess India N.V. (the Netherlands) and the core operating companies in microlending business: CreditAccess Grameen Limited (India), listed on the BSE and NSE in India, and Madura Microfinance Limited (India), as well as a newly established life insurance company: CreditAccess Life Insurance Limited (India) which is waiting for regulatory approval for underwriting micro-insurance policies.

Core activities

Products & Services

The Group, through its local operating companies, offers straightforward and transparent loan products:

- Micro-lending products (based on the group-lending methodology and joint liability among the group members) to informal businesses, with a typical loan size between EUR 100 and EUR 1,000;
- Retail-lending products (based on the individual-lending methodology) to small businesses, with a typical loan size between EUR 500 and EUR 5,000.

In addition to credit services, the Group distributes life insurance products and to a limited extent health insurance and pension services.

As part of its Vision 2025 strategy the Group has incorporated a dedicated life insurance company: CreditAccess Life Insurance Ltd ("CALI"), through which the Group will undertake insurance underwriting. Applications have been made for the necessary regulatory approvals to allow CALI to design and underwrite micro-insurance policies without the need to rely on third party insurers, thereby enabling the Group to benefit from underwriting exposure. These approvals are expected to be obtained in 2022.

Geographical areas

CreditAccess India N.V. ("CreditAccess" or "CA India" or the "Company"), formerly known as Credit Access Asia N.V., is the holding company and head office of the Group and is located in Amsterdam, the Netherlands. CreditAccess Grameen Limited ("CA Grameen" or "CA-GR") and Madura Microfinance ("Madura" or "MMFL") are the core operating companies located in India that provide primarily loan products to our end customers. CreditAccess Life Insurance Limited (CALI) is pending regulatory approvals for micro-insurance undertaking.

CA Grameen and MMFL have an outreach of 1,424 branches, in 265 Districts and 14 States & 1 UT of India. Key states by portfolio size are Karnataka 38.2%, Maharashtra 23.4%, Tamil Nadu 18.9%, Madhya Pradesh 8.3% and the remainders contribute to 11.3%.

Customers

The Group's core customers are low-income and self-employed individuals, usually managing a small trade business or operating in agriculture or husbandry and earning between EUR 2 and EUR 10 per day. In addition, the Group serves a higher customer segment, running small businesses and usually generating income between EUR 10 and EUR 100 per day.

Business Strategy

The Group targets to achieve by 2025 the following strategic goals:

- 10 million customers
- EUR 6 billion loan portfolio
- 25% return on equity

CreditAccess aims to be recognized as "the preferred partner of Rural Under-banked Families, providing convenient and reliable financial solutions matching their evolving needs". The Company will continue to oversight and lead the strategic development of CreditAccess Grameen and CreditAccess Life insurance companies and the related businesses until full maturity.

Furthermore, the Company will explore all valuable M&A opportunities, remaining committed to substantially increase the value of our business.

Highlights

This year CA Grameen remains the leading Non-Banking Financial Company (NBFC) - microfinance institution (MFI) in India by portfolio size with a market share of 17 % (FY19/20: 13.2%) in the NBFC-MFI segment.

1. CA Grameen is the largest NBFC-MFI in India, on account of organic growth of 10,6% YoY in Gross Loan Portfolio including off balance sheet portfolio reaching EUR 1,588 mln by 31 March 2021 as compared to EUR 1,436 mln on 31 March 2020.

2. The Group achieved a consolidated Net Profit After Taxes of EUR 10 mln (FY19/20 EUR 37.8 mln), with a solid capital position and strong balance sheet: EUR 475 mln equity (FY19/20: EUR 381 mln), EUR 1,823 mln total assets (FY19/20: EUR 1,593 mln).

3. As part of its Vision 2025 strategy the Group has incorporated a dedicated life insurance company, CreditAccess Life Insurance Ltd ("CALI"), to be the entity through which the Group will undertake its insurance underwriting once the necessary regulatory approvals are received.

Performance indicators regarding environment and personnel

CA Grameen has consistently increased its share in rural areas over the last five years. As per 31 March 2021, the number of borrowers serviced by CA Grameen in rural areas was increased to 85% (FY19/20: 82%).

Furthermore, the customers we already serve have demonstrated very high fidelity to CA Grameen. Our adaptation of life cycle approach while designing products, effective delivery of services and constant social focus approach towards customers have enabled CA Grameen to maintain customer retention rate of above 80% during the past 5 years.

With regards to personnel, CA Grameen implemented several schemes and initiatives to make the company an employee friendly organization, for instance the company is one among the few MFIs that has a 5-days work-week. CA Grameen has been certified as “Great Places to Work” by the Great place to work Institute of India and has been qualified as one of the top 25 best companies to work for under the list of BFSI Companies in India.

CA Grameen strongly abides by its Vision to be Committed, Reliable, Empathetic, Accountable, Transparent and Efficient (CREATE). Building an environment of trust and mutual respect is one of the company’s constant endeavour. There are no pending concerns under labour compliances, sexual harassment and disciplinary issues.

Future outlook

Whilst the FY 20/21 was characterised by the challenges and the impact of COVID-19, on consolidated basis our loan portfolio grew by more than 10% year on year. Our resilient business model and strong customer connect helped to increase collection efficiency and improvement in asset quality from Q3 to Q4 during FY 20/21.

However, the near term outlook for FY 21/22 will be subdued due to the ongoing severe second wave of Covid-19 in India, which has again created a challenging environment. We are anticipating that the collections will witness a temporary decline in Q1 FY21/22 on account of several intermittent lockdowns/restrictions being imposed across various states. As a precautionary measure, we have already taken accelerated write-offs and built additional COVID estimate in ECL in FY20/21.

Our focus in these testing times will be on safeguarding the health of our employees and customers. We shall closely evaluate the business impact of the ongoing disruptions and use our experience of FY20/21 to stabilise our business. We will evaluate and support our borrowers using various measures announced by RBI on 5 May 2021.

Our strong balance sheet, adequate liquidity and capital position, stable credit rating, and strong relationship with our lenders should enable us to receive continued funding access over coming months. Further our demonstrated capability of managing asset quality stress, witnessed multiple times in the past, backed by our resilient business model coupled with highly experienced stable management team, should give comfort and confidence to our lenders, investors and various stakeholders.

Key financial information[1]

Figures in EUR million	CA Grameen Consolidated			CA India NV (Company)			CA India NV (Group)		
	FY18/19	FY19/20	FY20/21	FY18/19	FY19/20	FY20/21	FY18/19	FY19/20	FY20/21
Interest income and fees	**150.4**	**207.3**	**264.4**	**2.5**	**2.5**	**1.8**	**186.2**	**209.5**	**266.2**
YoY growth %	*35.1%*	*36.3%*	*27.5%*	*-16.6%*	*0.4%*	*-280.0%*	*34.8%*	*12.4%*	*27.1%*
Interest expenses and fees	-50.9	-73.6	-107.4	-3.6	-2.9	-2.7	-59.8	-76.5	-110.1
Net Interest Margin	**99.5**	**133.7**	**157.0**	**-1.1**	**-0.4**	**-0.9**	**126.4**	**133.0**	**156.1**
YoY growth %	*54.3%*	*31.9%*	*17.4%*	*-210.0%*	*-63.6%*	*-125.0%*	*46.0%*	*5.2%*	*17.4%*
Other income	7.2	8.4	18.5	0.1	0.0	0.0	7.8	8.7	18.5
Credit loss expenses	-8.7	-29.4	-87.3	0.0	0.0	-0.1	-11.0	-29.4	-87.3
Gross result	**98.0**	**112.7**	**88.2**	**-1.0**	**-0.4**	**-1.0**	**123.2**	**112.3**	**87.3**
Operating expenses	-37.4	-54.1	-67.4	-2.4	-3.4	-4.2	-65.1	-57.6	-71.7
Operating profit	**60.6**	**58.6**	**20.8**	**-3.4**	**-3.8**	**-5.2**	**58.1**	**54.7**	**15.6**
Result from foreign currency denominations	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	-0.4	0.0
Share in results of subsidiaries & associates	0.0	0.0	0.0	34.7	33.3	12.8	0.0	0.0	0.0
Taxation on result	-21.5	-16.0	-5.7	0.0	0.0	0.0	-21.9	-16.4	-5.7
Net Profit After Taxes	**39.1**	**42.6**	**15.1**	**31.3**	**29.1**	**7.6**	**36.3**	**37.8**	**10.0**
YoY growth %	*278.3%*	*7.8%*	*64.3%*	*7.9%*	*-7.3%*	*-73.9%*	*24.4%*	*4.1%*	*-73.5%*
Fixed Assets	3.5	69.9	66.8	16.1	8.5	8.1	21.9	78.4	75.0
Gross loan portfolio outstanding[2]	855.6	1,376.5	1,438.4	0.0	0.0	0.0	936.4	1,376.5	1,438.4
Impairment allowance	-9.9	-37.7	-72.6	0.0	0.0	0.0	-12.0	-37.7	-72.6
Net loan portfolio outstanding	845.8	1,338.8	1,365.8	0.0	0.0	0.0	924.4	1,338.8	1,365.8
YoY growth %	*40.3%*	*57.2%*	*2.7%*	*n.a.*	*n.a.*	*n.a.*	*41.8%*	*43.8%*	*2.7%*
Cash and cash equivalents	73.8	77.7	275.0	41.1	46.0	54.1	125.6	123.8	329.1
All other assets	23.6	32.2	47.2	291.0	283.6	324.3	33.7	52.2	53.3
Total assets	**946.7**	**1,518.6**	**1,754.9**	**348.2**	**338.1**	**386.5**	**1,105.6**	**1,593.2**	**1,823.2**
Shareholders' equity	304.3	342.9	442.4	317.8	301.9	351.3	378.1	381.2	475.4
YoY growth %	*74.1%*	*12.7%*	*29.0%*	*65.7%*	*-5.0%*	*16.4%*	*95.1%*	*0.8%*	*24.7%*
Finance debt	621.5	1,149.9	1,283.8	27.9	33.1	33.4	693.2	1,183.1	1,317.2
All other liabilities	20.9	25.8	28.7	2.5	3.1	1.8	34.3	28.9	30.6
Total equity and liabilities	**946.7**	**1,518.6**	**1,754.9**	**348.2**	**338.1**	**386.5**	**1,105.6**	**1,593.2**	**1,823.2**

[1] Figures for the FY20/21 includes full year MMFL, consolidated both by CA Grameen and CA-India NV (Group).

[2] This is excluding off-balance sheet portfolio of loans to customers. The off-balance sheet portfolio amounts to EUR 149 mln at 31 March 2021 (31 March 2020: EUR 69 mln).

Business Growth

Despite COVID-19 pandemic situation throughout FY20/21, CA Grameen opened more branches, customers are served through 1,424 branches across 265 districts in 14 States and 1 Union Territory. The Group was able to raise the necessary resources all through the year to match the business and operational requirements, leveraging its relationships with banks and financial institutions, as well as forming new lender relationships. Below are the key Metrics FY20/21:

	CA Grameen consolidated		
	Mar/21 A	Mar/20 B	% (A-B)/B
Branches	1,424	1,393	2.2%
Borrowers ('000)	3,912	4,055	-3,5%
Gross loan portfolio* (EUR in mln)	1,588	1,436	10.6%
Employees	14,399	14,496	-0.7%

* Include on and off balance sheet portfolio

Profitability

Total interest income of CA Grameen incl. MMFL increased from of EUR 207.3 mln to EUR 264.4 mln in FY20/21. Total interest expenses of CA Grameen increased from of EUR 73.6 mln to EUR 107.4 mln in FY20/21. Other income of CA Grameen increased from of EUR 8.4 mln to EUR 18.5 mln in FY20/21. Total credit loss of CA Grameen increased from of EUR 29.4 mln to EUR 87.3 mln in FY20/21. The total expenditure increased from EUR 54.1 mln to EUR 67.4 mln in FY20/21. CA Grameen recorded Profit after Tax of EUR 15.1 mln for FY20/21 compared to EUR 42.6 mln in FY19/20.

	CA Grameen consolidated	
	Mar/21	Mar/20
Return on Average Assets*	0.9%	3.5%
Return on Average Equity	4.0%	15.3%
Debt to Equity	3.0	3.4

* Include on and off balance sheet assets

Quality of Portfolio

CA Grameen

The overall asset quality was impacted by COVID-19 pandemic, and the overall GNPA (>60 dpd) was 4.38% at the end of FY20/21, compared to 1.57% at end of FY19/20. ECL rate was 5% at 31 March 2021 (31 March 2020: 2.86%). The ECL consisted of 4% provisions and additional 1% management overlay on account of COVID-19 impact. Overall ECL provisioning was more than adequate to cover the GNPA, hence Net NPA was at 0% at 31 March 2021 (31 March 2020: 0%).

Madura

The overall asset quality was impacted by COVID-19 pandemic, and the overall GNPA (>90 dpd) was 4.70% at end of FY20/21, compared to 1.60% at end of FY19/20. ECL rate at end of FY20/21 was 5,07% compared to 2.35% at end of FY19/20. The ECL consisted of 4,7% provisions and additional 0,4% management overlay on account of COVID-19 impact. Overall ECL provisioning was more than adequate to cover the GNPA hence Net NPA was at 0% at 31 March 2021 (31 March 2020: 0%).

	CA Grameen (stand alone)		MMFL (stand alone)	
	FY 20/21	FY 19/20	FY 20/21	FY 19/20
Gross NPA	4.38%	1.57%	4.70%	1.60%
Net NPA*	0.00%	0.00%	0.00%	0.00%
Expected credit Loss**	5.00%	2.86%	5.07%	2.35%

*Net NPA: It is the ratio of Gross NPA minus impairment allowance by portfolio outstanding.

**Credit Loss: It is the ratio of expected credit loss expenses divided by the yearly average gross portfolio outstanding.

Debt Funding Plan

The Group's strategic priority is to ensure the business expansion and proper asset-liability management. The Group net interest-bearing debt amounted to EUR 1,317 million at 31 March 2021.

Currently, the Group's borrowing needs are financed by around 60 lenders, mainly consisting of local and international banks, international MIVs (Microfinance Investment Vehicles) and DFIs (Development Finance Institutions). During FY20/21, CA Grameen performed several securitization and direct assignments in the local market, which led to a great response to the instruments issued by this company.

The Group is aiming for further diversification of its funding sources, while increasing the weight of the international lenders over the medium term to support balance sheet growth.

Liquidity and solvency

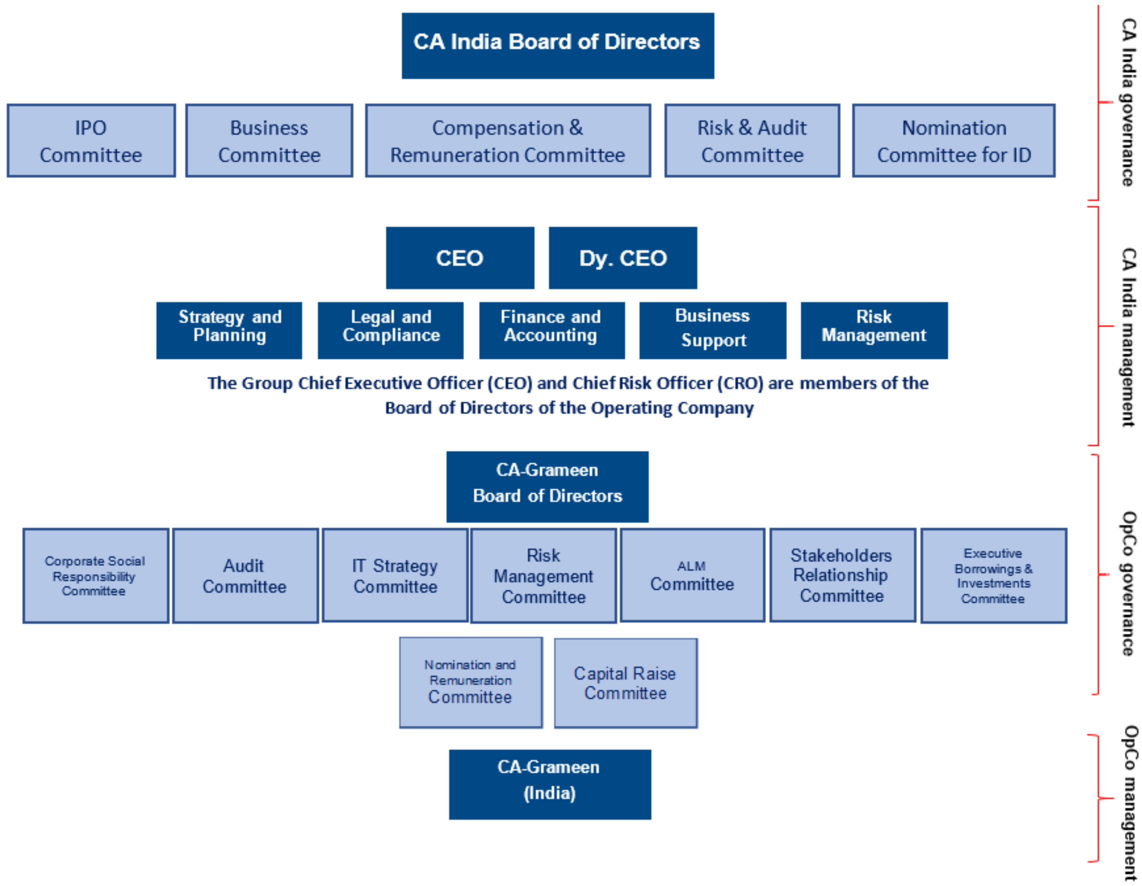
The Group has maintained a very strong capital and cash position with consolidated closing Debt to Equity of 2.8:1 (FY19/20 3.1:1) and Capital to Risk (Risk Weighted) Assets Ratio (CRAR) of the operating companies CA Grameen and MMFL at 31,8% (31 March 2020; 23.60%) and 20.9% (31 March 2020; 23.01%) respectively.

The asset-liability structure is consistently positive due to the nature of loan products offered by the Group that is typically shorter than 24 months, whereas the financial resources mobilized by the Group have a maturity between 2 and 5 years. As a result the assets exceeds liabilities in all maturity buckets up to 24 months.

At year-end the Group reported a sound cash and cash equivalent balance of EUR 329 million (FY19/20: EUR 124 mln). For more info see sections 5.1 Capital risk management and 5.4 Liquidity Risk.

Organization and Governance structure

The Group has a dual level governance structure, the first level is at the Holding company level and second level is at Operating company level. Each level has its own board and committees to steer, supervise, control and monitor the business. The management team of the Holding company connects the two levels of governance to provide effective control and management



Board of Directors

The holding company is managed by a one-tier board which reports to the General Meeting of Shareholders. The composition of the Board has changed as from the Annual General Meeting of 10 December 2020. After the meeting the Board comprised of the following members:

Board members	Date of (re-)appointment
Mr. Carlos Pinto (Independent Non-Executive Director / Chairman)	10-Dec-20
Mr. Paolo Brichetti (Executive Director / CEO)	10-Dec-20
Mr. Diwakar B.R. (Executive Director)	10-Dec-20
Mr. Francesco Moccagatta (Independent Non-Executive Director)	10-Dec-20
Mrs. Benedetta Corazza (Independent Non-Executive Director)	10-Dec-20
Mr. Federico Carini (Non-Executive Director)	10-Dec-20
Mr. Giovanni Siccardo (Non-Executive Director)	10-Dec-20
Mr. Mario R. Spongano (Non-Executive Director SH)	18-Mar-20
Mr. Daniel R. Mintz (Non-Executive Director SH)	10-Dec-20

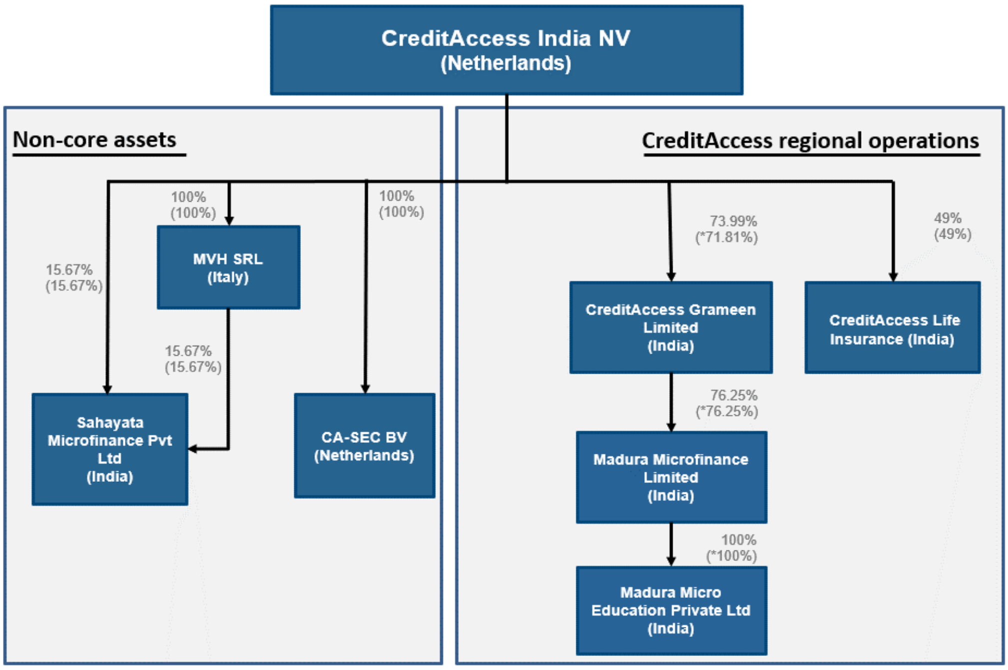
As per the date of the financial statements, the Board is composed as follows, all in accordance with the Company's Articles of Association: Mr. Diwakar B.R. (Executive Director / CEO), Mr. Francesco Moccagatta (Independent Non-Executive Director / Chairman), Mrs. Benedetta Corazza (Independent Non-Executive Director), Mrs. Stefania Petruccioli (Independent Non-Executive Director), Mr. Federico Carini (Non-Executive Director), Mr. Koen Slobbe (Non-Executive Director), Mr. Paolo Brichetti (Non-Executive Director SH), Mr. Daniel Mintz (Non-Executive Director SH), Mr. Michael Atzwanger (Non-Executive Director SH).

The Company is committed to have a gender diversity by having at least 30% women amongst its Board members. However, due to the fact that the Company needs to diversify several relevant selection criteria when composing its Board (including, but not limited to, gender diversity, executive experience, experience in the financial services sector and general industry), the current composition of the Board - one female and eight male Board members - did not meet the gender diversity objective in FY20/21. The Board is committed in undertaking steps towards achieving its diversity goal.

Compensation of Directors

All members of the board of the Company are remunerated based on the compensation policy as adopted by the General Meeting of Shareholders held on 10 October 2017. The compensation is based on a fixed base fee for the board membership and is supplemented for chairs of the committees and the position of Presiding Director. The actual amounts are disclosed in note 31. There are no loans outstanding, paired or waived and no advance payments and guarantees granted to any of the (former) members of the Board in FY20/21.

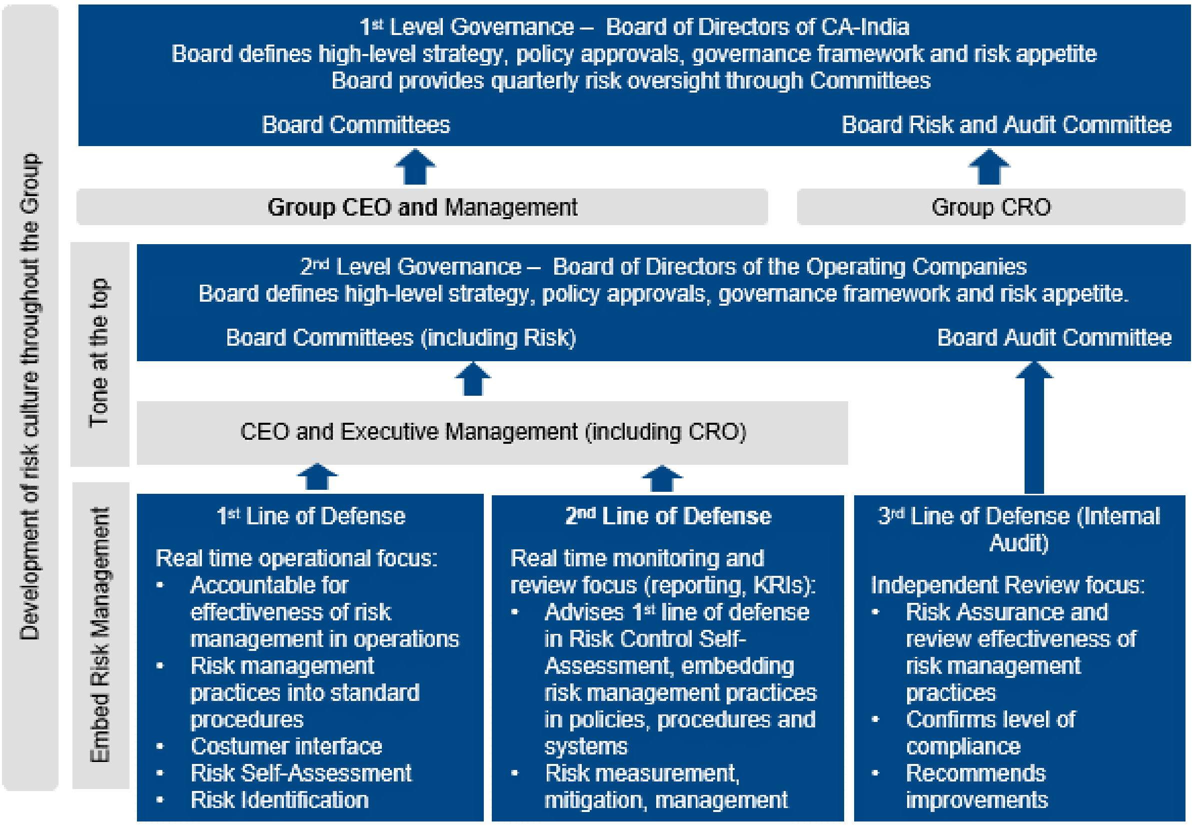
Legal structure as per 31 March 2021



* - diluted shareholding

Risk management framework

The Group follows a comprehensive risk management framework which is a systematic approach adopted to mitigate risks associated with the accomplishment of objectives, operations, revenues, and regulations. The risk management framework defines the risk governance structure, determines the risk appetite and tolerance, and provides the three lines of defense model that ensures proactive mitigation and helps achieving stated objectives.



While the Group accepts the risks inherent to microfinance business, it aims to manage these risks in an efficient, effective and compliant way. The table below provides various types of risks that the Group's business is exposed to. Please refer to note 5 of this report for the extensive tables presenting risk mitigation measures by group companies.

Risk Type	Definition	Risks Categories
FINANCIAL RISK	Risk or loss resulting from any type of risk associated with financing and financial transactions.	Capital Risk Credit Risk Interest Rate Risk Foreign Currency Risk Liquidity Risk
OPERATIONAL RISK	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	People Risk Process Risk Systems (Technology) Risk External Event Risk
STRATEGIC RISK	Risk of loss that failed business decisions, or lack thereof, may pose to a company.	Political Risk Reputational Risk Regulations Risk Internal Policy Compliance Risk Country Risk Business Plan Risk including Market Dynamics Risk

The finalization and approval of the financial statements was delayed because of an investigation following a complaint pursuant to the Company's Code of Conduct. The investigation has in the meantime been finalized and did not result in any financially material impact on the Annual Report.

Corporate social responsibility

The Group is compliant with local laws and regulations. In addition, group wide policies have been implemented in addition to the local requirements.

At CA Grameen, business priorities are aligned with ‘Social Commitments’ targeting need-based interventions for community welfare in select states of our operating geographies. The Corporate Social Responsibility (CSR) interventions are focused on enhancing quality of life of the communities that are located in the vicinity of business locations by way of creating awareness and providing support.

Under the COVID-19 pandemic situation in India, CA Grameen has decided to focus its CSR activities towards following areas: Preventive and precautionary activities, supporting communities in dealing with COVID-19 issues and in recovering from COVID-19 infection. CA Grameen continued to maintain customer connect and proactive communication during this period and provided COVID-19 related support such as providing PPE kits, medical kits and grocery kits to local police stations, municipal and community health workers.

The Group has chosen Navya Disha Trust, a non-profit organization registered in India, to implement the CSR activities funded by the Group. Navya Disha has been successfully working with CA Grameen in implementing various non-financial activities in the areas of healthcare, special education for children, water sanitation, indoor air pollution, financial literacy training for women, entrepreneurship, vocational training for rural youth etc.. Navya Disha has raised grants from various national and international donor agencies apart from receiving financial contributions from CA Grameen.

CRISIL awarded to CA Grameen the highest rating (M1C1) under Comprehensive Microfinance Grading system which addresses the capacity of the company to manage its operations in a sustainable manner and its performance on Code of Conduct. The grading is assigned on an eight-point scale with respect to Microfinance Capacity Assessment Grading, with ‘M1’ being the highest grading and ‘M8’ the lowest, and on a five-point scale with respect to Code of Conduct Assessment, with ‘C1’ being excellent performance and ‘C5’ the weakest.

Authorisation of the consolidated financial statements

The financial statements were approved for issue by the Board of Directors on 14 February 2022.

Board of Directors:

Non-executive Board:

F.G.M. (Francesco) Moccagatta

K.J.M. (Koen) Slobbe

B. (Benedetta) Corazza

D.R. (Daniel) Mintz

F. (Federico) Carini

S. (Stefania) Petruccioli

M. (Michael) Atzwanger

P. (Paolo) Brichetti

Executive Board:

B.R. Diwakar

Financial Statements

Consolidated statement of profit or loss and other comprehensive income/(loss)

Statement of profit or loss	Note	2020/2021 EUR	2019/2020 EUR
Interest and similar income	6	266,205,007	209,595,718
Interest and similar expenses	7	-110,099,575	-76,500,889
Net interest income		**156,105,432**	**133,094,829**
Other income	8	18,508,101	8,654,339
Total income		**174,613,533**	**141,749,168**
Credit loss expenses	9	-87,325,662	-29,427,970
Gross result		**87,287,871**	**112,321,198**
Personnel expenses	10	45,846,609	35,110,872
Depreciation and amortization	11	5,196,763	2,691,160
Other operating expenses	11	20,694,075	19,809,803
Total operating expenses		**71,737,447**	**57,611,835**
Operating result before value adjustments		**15,550,424**	**54,709,363**
Results from foreign currency denominated transactions		153,224	-300,901
Share in result of associates	41	-9,052	-92,753
Result before taxation		**15,694,596**	**54,315,709**
Taxation on result	12	-5,656,540	-16,435,400
Net result for the period		**10,038,056**	**37,880,309**
Net result for the year attributable to:			
Owners of the parent		7,589,271	29,144,910
Non-controlling interest		2,448,785	8,735,399
		10,038,056	**37,880,309**

Statement of other comprehensive income /(loss)	Note	2020/2021 EUR	2019/2020 EUR
Items that will or may be reclassified to profit or loss:			
Foreign exchange gains/(losses) arising on translation of foreign operations	27	-6,593,815	-14,749,404
Cash-flow hedge reserve - Effective portion of changes in fair-value	27	141,126	324,589
Net change in cost of hedging	27	-452,464	136,489
Other comprehensive income/(loss) for the year, net of tax		**-6,905,153**	**-14,288,326**
Total comprehensive income/(loss) for the year		**3,132,903**	**23,591,983**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		684,118	14,856,584
Non-controlling interest		2,448,785	8,735,399
		3,132,903	**23,591,983**

Consolidated statement of financial position

	Note	31 March 2021 EUR	31 March 2020 EUR
Assets			
Cash and cash equivalents	33	329,114,312	123,824,257
Derivative financial instruments	18	-	268,790
Loans and receivables to CreditAccess SEA Group	42	4,836,675	16,828,004
Deferred tax assets	24	12,130,303	6,928,824
Loans to customers – Gross		*1,438,374,544*	*1,376,532,847*
Impairment allowance		*-72,557,979*	*-37,681,723*
Loans to customers - Net	17	1,365,816,565	1,338,851,124
Financial assets at fair value through profit or loss		62,485	5,495,330
Investments in associates	41	19,890	30,047
Tangible fixed assets	14	10,727,987	10,559,853
Intangible fixed assets	13	64,237,645	67,859,308
Other assets	19	36,218,620	22,522,312
Total assets		**1,823,164,482**	**1,593,167,849**
Liabilities			
Finance debt	22	1,317,167,733	1,191,650,975
Deferred tax liabilities	24	-	-
Derivative financial instruments	18	161,520	588,191
Post-employment benefit obligations	29	881,239	756,329
Other liabilities	21	29,575,996	18,967,007
Total liabilities		**1,347,786,488**	**1,211,962,502**
Assets minus liabilities		**475,377,994**	**381,205,347**
Capital and reserves attributable to owners of the Company			
Share capital	25	45,840,568	45,840,568
Share premium	26	114,729,160	114,729,160
Treasury shares	26	-320,433	-320,433
Revaluation reserve	26	-712,731	-3,392,173
Translation reserve	26	-46,238,997	-36,965,740
Merger reserve	26	798,915	798,915
Cash flow hedge reserve	26	332,740	191,614
Cost of hedging reserve	26	-419,196	33,268
Other reserves	26	145,371,573	96,699,538
Retained earnings	26	91,890,942	84,301,672
Controlling interest		**351,272,541**	**301,916,389**
Non-controlling interest	16	**124,105,453**	**79,288,958**
Total equity		**475,377,994**	**381,205,347**
Total equity and liabilities		**1,823,164,482**	**1,593,167,849**

For current vs non-current please refer to note 5.4.

Consolidated statement of cash flows

	Note	2020/2021 EUR	2019/2020 EUR
Cash flows from operating activities			
Interest received from loans to customers (incl. loans to CreditAccess SEA Group)		267,702,639	206,151,675
Cash paid for interest on borrowings		-104,813,178	-72,585,237
Payments to suppliers and employees		-69,785,679	-52,505,569
Income tax paid		-13,303,304	-21,246,041
Principal disbursed to customers (incl. loans to CreditAccess SEA Group)		-1,270,892,727	-1,306,904,194
Principal repaid by customers (incl. loans to CreditAccess SEA Group)		1,140,326,501	962,168,236
Net cash flow from operating activities		**-50,765,748**	**-284,921,130**
Cash flow from investing activities			
Purchases of tangibles and intangibles		-4,572,452	-2,772,893
Proceeds from sale of tangibles and intangibles		53,036	15,385
Net proceeds from sale of shares in subsidiary, while still maintaining control		-	-
Net proceeds from transfers of financial assets		7,074,713	8,571,571
Net proceeds / (placements) or margin money deposits and other liquid investments		4,539,156	3,025,905
Net payments for acquisition of shares in subsidiaries *(Madura through CA Grameen)*		-172,125	-81,796,011
Net investments in associates		-	-126,795
Net cash flow from investing activities		**6,922,328**	**-73,082,838**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares		-	-
Net proceeds from issue of shares by subsidiaries to non-controlling interest holders		91,106,901	455,942
Proceeds from borrowings		830,600,039	792,695,920
Repayments of borrowings		-671,774,537	-417,490,742
Net cash flow from financing activities		**249,932,403**	**375,661,120**
Net increase/(decrease) in cash and cash equivalents		**206,088,983**	**17,657,152**
Cash and cash equivalents at the start of the period		**123,824,257**	**111,224,751**
Net foreign exchange (losses)/gains on cash and cash equivalents		-798,928	-5,057,646
Cash and cash equivalents at end of the period	33	**329,114,312**	**123,824,257**

Consolidated statement of changes in equity

Figures in EUR	Share capital	Share premium	Treasury shares	Revaluation reserve	Translation reserve	Merger reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings	Total equity attributable to owners of the company (A)	Non-controlling Interest (B)	Total equity (A+B)
31 March 2020	**45,840,568**	**114,729,160**	**-320,433**	**-3,392,173**	**-36,965,740**	**798,915**	**191,614**	**33,268**	**96,699,538**	**84,301,671**	**301,916,388**	**79,288,958**	**381,205,346**
Capital increases/decreases (note 25)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result for the year	-	-	-	-	-	-	-	-	-	7,589,271	7,589,271	2,448,785	10,038,056
Other comprehensive Income/(loss) for the year (note 27)	-	-	-	2,679,442	-9,273,257	-	141,126	-452,464	-	-	-6,905,153	-	-6,905,153
Total comprehensive income for the year	**-**	**-**	**-**	**2,679,442**	**-9,273,257**	**-**	**141,126**	**-452,464**	**-**	**7,589,271**	**684,118**	**2,448,785**	**3,132,903**
Share-based payments (note 30)	-	-	-	-	-	-	-	-	430,602	-	430,602	-	430,602
Increase due to QIP *(qualified institutional placement)* of CA Grameen	-	-	-	-	-	-	-	-	48,197,923	-	48,197,923	-	48,197,923
Late refund from sale of shares in CA Grameen on IPO	-	-	-	-	-	-	-	-	43,510	-	43,510	-	43,510
Total other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,672,035**	**-**	**48,672,035**	**-**	**48,672,035**
Other movements in NCI (note 16)											-	42,367,710	42,367,710
31 March 2021	**45,840,568**	**114,729,160**	**-320,433**	**-712,731**	**-46,238,997**	**798,915**	**332,740**	**-419,196**	**145,371,573**	**91,890,942**	**351,272,541**	**124,105,453**	**475,377,994**

Consolidated statement of changes in equity (continued)

Figures in EUR	Share capital	Share premium	Treasury shares	Revaluation reserve	Translation reserve	Merger reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings	Total equity attributable to owners of the company (A)	Non-controlling Interest (B)	Total equity (A+B)
31 March 2019	**41,942,188**	**138,536,809**	**-321,452**	**-539,977**	**-26,692,013**	**798,915**	**-132,975**	**-103,221**	**108,941,112**	**55,396,243**	**317,825,631**	**60,284,537**	**378,110,168**
Impact from demerger	-	-28,818,369		-77,557	1,701,038				-3,665,973	-239,481	-31,100,342	-861	-31,101,203
Capital increases/decreases (note 25)	-	-	-	-	-	-		-	-	-	-	-	-
Total contributions by owners	**-**	**-28,818,369**	**-**	**-77,557**	**1,701,038**	**-**	**-**	**-**	**-3,665,973**	**-239,481**	**-31,100,342**	**-861**	**-31,101,203**
Net result for the year	-	-	-	-	-	-	-	-	-	29,144,910	29,144,910	8,735,399	37,880,309
Other comprehensive Income/(loss) for the year (note 27)	-	-	-	-2,774,639	-11,974,765	-	324,589	136,489	-	-	-14,288,326	-	-14,288,326
Total comprehensive income for the year	**-**	**-**	**-**	**-2,774,639**	**-11,974,765**	**-**	**324,589**	**136,489**	**-**	**29,144,910**	**14,856,584**	**8,735,399**	**23,591,983**
Share-based payments (note 30)	-	-	1,019	-	-	-	-	-	333,498	-	334,517	-	334,517
Conversion of convertible equity certificates(note 26)	3,898,380	5,010,720	-	-	-	-	-	-	-8,909,100	-	-	-	-
Total other movements	**3,898,380**	**5,010,720**	**1,019**	**-**	**-**	**-**	**-**	**-**	**-8,575,602**	**-**	**334,517**	**-**	**334,517**
Other movements in NCI (note 16)	-	-	-	-	-	-	-	-	-	-	-	10,269,883	10,269,883
31 March 2020	**45,840,568**	**114,729,160**	**-320,433**	**-3,392,173**	**-36,965,740**	**798,915**	**191,614**	**33,268**	**96,699,538**	**84,301,671**	**301,916,389**	**79,288,958**	**381,205,347**

Notes forming part of the consolidated financial statements

1. General

CreditAccess India N.V. ("CreditAccess" or "CA India" or the "Company") has its legal seat in Amsterdam, the Netherlands. The Company is registered at the Chamber of Commerce in Amsterdam under number 60281758 and has its registered address at Strawinskylaan 1043, tower C-10, 1077 XX Amsterdam.

The Company holds, steers, controls and finances the businesses of CreditAccess India N.V. Group (the "Group") (note 3.2). The Group provides working capital loans and other financial services to small, informal businesses and unbanked workers in India.

This Annual Report covers the financial year 2020/2021, running from 1 April 2020 to 31 March 2021.

2. Application of new and revised International Financial Reporting Standards (IFRS)

a) New standards, interpretations and amendments effective from 1 Jan 2020

New standards, interpretations and amendments are either not applicable to the Group or the impact is not material for the Group for the financial year ended 31 March 2021.

The new and revised pronouncements issued before 31 March 2021 and effective for financial year 2020/2021 are:

- *Definition of a Business - Amendments to IFRS 3 (ED- 1Jan2020)*
- *Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (ED- 1Jan2020)*
- *Definition of Material – Amendments to IAS 1 and IAS 8 (ED- 1Jan2020)*
- *The Conceptual Framework for Financial Reporting (ED- 1Jan2020)*
- *Covid-19-Related Rent Concessions – Amendment to IFRS 16 (ED- 1Jun2020)*
- *Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (ED- 1Jan2021)*

b) New standards, interpretations and amendments not yet effective

As of 31 March 2021, the following standards and interpretations have been issued. However, these are not yet effective and/or have not yet been adopted by the EU and the Group. Information on standards expected to be relevant to the Group financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date. Regarding new standards, interpretations and amendments which are not adopted or listed below, the Group expects those not to have any material impact on the consolidated financial statements of CreditAccess India N.V..

- *Reference to the Conceptual Framework – Amendments to IFRS 3 (ED 1Jan2022)*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (ED 1Jan2022)*
- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (ED 1Jan2022)*
- *AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (ED 1Jan2022)*
- *AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*
- *AIP IAS 41 Agriculture – Taxation in fair value measurements (ED 1Jan2022)*
- *IFRS 17 Insurance Contracts (ED 1Jan2023)*
- *Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (ED 1Jan2023)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (ED postponed)*

3. Summary of significant accounting policies

3.1. Basis of preparation

These consolidated financial statements have been prepared in accordance with a) International Financial Reporting Standards (IFRS), including International Accounting Standards (IASs), promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted and endorsed by the European Union and with b) Section 2:362(9) of the Netherlands Civil Code.

Information related to the subsidiaries in these financial statements may differ from those appearing in their statutory reports owing to the differences between applicable EU-IFRS and the accounting standards of the subsidiaries.

These consolidated financial statements are based on the 'going concern' principle. Please refer to note 4.1.

The financial year of the Company and the Group runs from 1 April to 31 March.

The consolidated financial statements and notes thereto are presented in EUR which is also the Company's functional currency. Amounts are rounded to the nearest EUR, unless otherwise stated.

Foreign exchange rate against EUR applicable to the Group is:

	31-Mar-21	31-Mar-20	Average 1-Apr-20/ 31-Mar-21	Average 1-Apr-19/ 31-Mar-20
INR (India)	85.813	82.899	86.611	78.800

Source: Dutch Central Bank

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in applying the Group's accounting policies.

The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis unless otherwise stated.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilizes market observable inputs and data as much as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted).
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs.
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that have a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period when they occur.

The Group reports the following items at fair value:

- Derivative financial instruments (note 18).
- Loans to customers based on business model test (note 17).

For more detailed information in relation to the fair value measurement of the items above, refer to the applicable notes and to note 3.4.26 under "Financial instruments measured at fair value".

3.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its controlled entities, including structured entities, and are prepared using consistent Group accounting policies.

Based on IFRS 10, control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings to the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year, are included in the consolidated statement of profit or loss from the date the Company gains control until the date the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash-flows relating to the transactions between consolidated entities are eliminated in full on consolidation.

The subsidiary company CreditAccess Grameen Limited (CA Grameen) has acquired 75.64% stake (and obtained control) on 18 March 2020 from existing shareholders of Madura Microfinance Limited (MMFL). The stake acquired as at 31 March 2020 was 76.08%. During the current financial year, CA Grameen further acquired 12,241 equity shares (INR 14,907,928), representing 0.17% of the paid-up equity share capital of MMFL. This has increased the shareholding of CA Grameen in MMFL to 76.25% as at 31 March 2021. The Group, therefore, includes MMFL via CA Grameen in these consolidated financial statements (refer to structure table below).

Group has also invested in CreditAccess Life Insurance (CALI) in India, however the Group does not have the control of the entity. Therefore, the Group is not consolidating CALI but accounting for the investment using the equity method.

On 23 January 2020, the Extraordinary General Meeting of Shareholders of CreditAccess Asia N.V. approved, upon proposal from the Board of Directors, a legal demerger, by which part of the assets and liabilities were transferred under universal title ("algemene titel") to a private limited liability company under the laws of the Netherlands: CreditAccess SEA B.V. The Company, as continuing company, remained to exist and changed legal name from CreditAccess Asia N.V. to CreditAccess India N.V.. Through this demerger, CreditAccess India N.V. Group has simplified its corporate structure and can fully focus all the resources on the Indian business: CreditAccess Grameen, MMFL and CreditAccess Life Insurance.

In FY 19/20, the Company did not account for the results of the demerged business of South East Asia in the consolidated and company-only Profits or Losses for the period starting 1 April 2019 to demerger date of 23 January 2020 (equal to EUR 3,8 mln). Although required under IFRS, the impact on the omitted income statements of the demerged entities for the months up to transaction date in previous financial year were not material given the limited size of the South East Business compared to the Indian business.

The table below shows the consolidation perimeter of CreditAccess India Group and the non-consolidated entities in which the Group has minority interest:

Consolidated entities:	Abbreviation	Place, country	Shareholding as at 31/Mar/21	31/Mar/20
CreditAccess India N.V. (formerly known as CreditAccess Asia N.V.)	CAI or CreditAccess or Company	Amsterdam, NL	100.00%	100.00%
CreditAccess Grameen Ltd.	CA Grameen or CA-GR	Bangalore, India	73.99%	79.94%
Madura Microfinance Limited	Madura or MMFL	Chennai, India	76.25% (by CA-GR)	76.08% (by CA-GR)
Madura Micro Education Private Ltd	MMEPL	Chennai, India	100.00% (by MMFL)	75.64% (by MMFL)
MVH S.R.L.	MVH	Brescia, Italy	100.00%	100.00%
CA-SEC B.V.	CA-SEC	Amsterdam, NL	100.00%	100.00%

Non-consolidated entities:	Abbreviation	Place, country	Shareholding as at 31/Mar/21	31/Mar/20
Sahayata Microfinance Pvt. Ltd.		Udaipur, India	31.34%	31.34%
CreditAccess Life Insurance Ltd.	CA-LI	Bangalore, India	49.00%	49.00%

Pursuant to the approval accorded by the board of directors of CA-GR (the "Board"), at its meeting held on 3 September 2020 and the special resolution passed by the members of CA-GR at the Extraordinary General Meeting (EGM) held on 26 September 2020, the Capital Raising Committee of the Board (the "CRC Committee") has, at its meeting held on 5 October 2020 approved the Qualified Institutions Placement (QIP) of equity shares of face value INR 10 each of CA-GR.

Subsequently, the CRC Committee, at its meeting held on 8 October 2020, approved the allotment of 11,315,323 Equity Shares of face value INR 10 each to eligible qualified institutional buyers at the issue price of INR 707 per Equity Share (including a premium of INR 697 per Equity Share) aggregating to INR 7,999,933,361.

The abovementioned QIP has resulted in dilution of shareholding of CAI in CA-GR from 79.94% to 73.99%.

For legal organizational structure as at reporting date, please refer the Directors Report.

The shareholding percentage of CreditAccess India N.V. Group is reported on non-diluted basis, i.e. not counting stock option schemes for which equity shares may be issued at a future stage and on direct plus indirect ownership.

MVH S.R.L. prepares the statutory financial statements for the period ending 30 June. It is a non-operating company and its liquidation process has been initiated.

Sahayata had discontinued operations during prior financial years. CreditAccess is putting effort in trying to initiate its liquidation and dissolution but, being a minority shareholder, it doesn't have control of such entity. The Group does not consolidate Sahayata and its equity shares are reported at a value of EUR 0.

Non-controlling interests

The total comprehensive income and equity of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

3.3. Changes in accounting policies and disclosures

Reclassification

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. In current year the accrued income/expense is not presented separately but included as part of the carrying value of the relevant financial asset/liability. Refer to underlying notes 3.4.9, 3.4.14 and 3.4.19.

New and amended standards and interpretations

The Group has not adopted early any standards, interpretations or amendments that have been issued but are not yet effective. The details on new standards and amendments are disclosed in note 2.

3.4. Significant accounting policies

3.4.1. Recognition of interest income/expenses

The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments. The EIR is the rate that exactly discounts contractual future cash flows through the contractual life of the financial instrument to the net carrying amount of the financial instrument.

The EIR method (and therefore, the amortized cost of the instrument) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

Interest and similar income/expenses

The Group calculates interest income/expenses by applying the EIR to the gross carrying amount of financial assets/liabilities.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of cash flows. The adjusted carrying amount is then calculated based on the revised cash flow using the original effective interest rate.

Other income

Other income includes a) fee income charged in compensation for services other than providing loans to customers b) gains from sale of mutual fund investments c) donations and grants income and d) income from sale of loan portfolio.

3.4.2. Recognition of expenses

Expenses are accounted for in the period they relate to, regardless of whether these have already resulted in payments in that particular period. Herewith any relation between recognized revenue and associated cost is taken into account.

Expenses that are directly attributable to the interest and similar income are included in net interest income. Income and expenses that relate to the same transaction or other event are recognized simultaneously. Expenses can normally be measured reliably when the other conditions for the recognition of revenue have been satisfied. However, income is not recognized when the expenses cannot be measured reliably; in such circumstances, any consideration already received for the sale of the services or goods is recognized as a liability.

3.4.3. Results from foreign currency denominated transactions

Transactions entered into by the Group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur.

Foreign currency monetary assets and liabilities are translated at the rates ruling on the reporting date.

Exchange differences arise when monetary items are settled or when monetary items are translated at rates different from those at which they were translated when initially recognized or in previous financial statements are reported in profit or loss in the period, with the exception of exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation which are recognized, in the consolidated financial statements that include foreign operations, in other comprehensive income; they will be recognized in profit or loss on disposal of the net investment.

3.4.4. Results from financial instruments

Results arising from financial instruments include all gains or losses from changes in fair value and related interest income or expense and dividends from financial assets and financial liabilities.

3.4.5. Current Taxation

Income tax on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise.

Current tax for the current and prior periods is recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amount already paid exceeds the amount due.

3.4.6. Financial Assets

Recognition of financial assets

Financial assets are initially recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets:

All financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement of financial assets:

IFRS 9 divides all financial assets that were previously in the scope of IAS 39 into two classifications - those measured at amortized cost and those measured at fair value.

Debt instruments

At amortized cost

A debt instrument that meets the following two conditions are measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss under the fair value option:

· Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

· Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where assets are measured at fair value, gains or losses are either recognized entirely in profit or loss (fair value through profit or loss, FVTPL), or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI).

At Fair Value Through Other Comprehensive Income (FVTOCI)

A debt instrument that meets the following two conditions are measured at FVTOCI, unless the asset is designated at FVTPL under the ‘Fair value through profit or loss’ option:

- Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At Fair Value Through Profit or Loss (FVTPL)

All other debt instruments must be measured at fair value through profit or loss (FVTPL).

‘Fair value through profit or loss’ option

Even if an instrument meets the two requirements to be measured at amortized cost or FVTOCI, IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

Equity instruments

At fair value

All equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized in profit or loss, unless designated at FVTOCI under 'Other comprehensive income' option. There is no 'cost exception' for unquoted equities.

'Other comprehensive income' option

If an equity investment is not held for trading, the entity can make an irrevocable election at initial recognition to measure it at FVTOCI with only dividend income recognized in profit or loss.

Group's Financial Assets

The Group's financial assets include loans to customers, loans to demerged entities, cash and cash equivalents and other assets.

3.4.6.1. Loans to customers

Loans to customers are initially recognized at fair value plus transaction costs that are directly attributable to their issue and are subsequently:

1. carried at amortized cost using the EIR method, if (a) are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the loans to customers, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognized under the credit loss expenses in the consolidated statement of profit or loss.

2. carried at FVTOCI, if (a) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Due to securitization and assignment deals during FY20/21 CA Grameen reports a portion of loans to customers at FVTOCI.

Loans 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, CA Grameen recognizes interest income, impairment losses & reversals in the statement of profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is recognised as interest income using the EIR method.

CA Grameen identified the segment of the loans to customer in order to hold, collect and sell (i.e. securitize or assign) and hence disclosed as FVTOCI. Only income generating loans are considered for FVTOCI classification.

Further details on securitization and assignment deals are disclosed in the section "transfers of financial assets" in this note. The quantitative details of the split of loans to customers into amortized cost and FVTOCI are provided in note 17.

Net loans to customers for the year ended 31 March 2021 includes interest receivable. Interest receivable were not shown in Loans to customers in prior years, therefore, the comparative information for the year ended 31 March 2020 for the same has been reclassified.

3.4.6.2. Impairment of loans to customers

The Group applies IFRS 9 from 1 April 2018.

Impairment methodology

IFRS 9 fundamentally changed the loan impairment methodology. The standard replaced IAS 39's incurred loss approach with a forward-looking Expected Credit Loss approach. The Group estimated the allowance for expected losses for all loans to customers at amortized costs and FVOCI and other financial assets not held as FVTPL.

ECL measurement

To calculate the ECL, the Group estimated the risk of a default occurring on the financial instrument following the "General approach" of the IFRS 9 and defines a model in line with the standard's requirements towards the assessment of ECL allowance.

ECL = PD% x LGD% x EAD + Overlay

Inputs into measurement of ECL:

Probability of Default (PD);

Loss Given Default (LGD);

Exposure At Default (EAD);

and

Forward looking information (Overlay)

Impairment stages

Following the General approach, the management has distributed the total outstanding portfolio of the Group into three impairment stages as at the reporting date. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1: includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date).

Stage 2: includes loans for which the credit risk at reporting date is significantly higher than the risk at the initial recognition (Significant Increase in Credit Risk).

Stage 3: includes default loans. A loan is considered default at the earlier of (i) the Company considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due more than 60 days for loans with weekly repayment frequency (or 90 days for loans with monthly repayment frequency) on any material credit obligation to the company.

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For loans with weekly repayment frequency, whereby 15 and above Days Past Due ('DPD') means already 2 missed instalments from the borrower, it has been identified that the following stage classification is most appropriate:

Stage 1 - Performing loans: 0 to 15 DPD.

Stage 2 - Underperforming loans: 16 to 60 DPD (SICR).

Stage 3 - Nonperforming or default loans: above 60 DPD.

For loans with monthly repayment frequency, it has been identified that the following stage classification is most appropriate.

Stage 1 - Performing loans: 0 to 30 DPD.

Stage 2 - Underperforming loans: 31 to 90 DPD (SICR).

Stage 3 - Nonperforming or default loans: above 90 DPD.

The DPD on 31 March 2020 was calculated excluding the effect of moratorium.

Probability of Default

(i) Joint Liability Loans (JLG)

PD describes the probability of a loan to eventually default (i.e. fall into Stage 3). PD percentage is calculated for each loan group separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.

PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.

PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 60/90 days which matches the definition of stage 3.

The loans falling into each stage will be treated as below:

a) For Stage 1 loans, 12-month ECLs are recognized i.e. credit loss expected in the next 12 months.

b) For Stage 2 loans, Lifetime ECLs are recognized i.e. credit loss expected in the remaining lifetime of the loans.

c) For Stage 3 loans, Lifetime ECLs are recognized i.e. credit loss expected in the remaining lifetime of the loans.

(ii) Individual Loans / Retail Finance

Retail Finance is a relatively new portfolio that was started in November 2016. Performance history of matured vintage loan is not available in adequate number to build the PD model. The PD estimation for Retail Finance portfolio is carried out using an ad-hoc methodology which is based on management judgement.

Significant Increase in Credit Risk

IFRS 9 requires financial assets to be classified in Stage 2 when their credit risk has increased significantly since initial recognition. Group entities assess each of its customers and loans individually by means of a qualitative assessment process that is based on current and historical past-due status, indebtedness of the client, credit bureau checks and on the client's business. Group entities are able to identify changes in credit risk since initial recognition on individual customers and loans through internal methodologies and procedures, however the management is of the opinion that no other indicator except 15/30 days overdue points toward Significant Increase in Credit Risk.

This is in line with the IFRS 9 that there is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due. The Group entities have policies, procedures and software in place to calculate and report overdues consistently.

Loss Given Default:

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on the average of past observations of Stage 3 loans as further detailed below.

(i) Joint Liability Loans (JLG)

LGD is computed as below:

1. All Loans which are above 60 DPD as on 31 March 2013, are taken and the difference in the principal outstanding as on 31st March 2013 and 31st March 2021 is considered as recovery.

2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 60 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018, 31 March 2019, 31 March 20 and 31 March 2021 and the recovery rate is computed for each year.

3. LGD = 1- Recovery rate which is computed for each period of observation.

4. A selected group of Stage 2 and Stage 3 loans exhibiting specific payment pattern has been applied an LGD which is lower than the estimate arrived using the steps (1) to (3).

(ii) Individual Loans / Retail Finance

Retail Finance is a relatively new portfolio that was started in November 2016. Performance history of matured vintage loan is not available in adequate number to build the LGD model. The LGD estimation for Retail Finance portfolio is carried out using an ad-hoc methodology which is based on management judgement.

(iii) In relation to loan portfolio of MMFL

LGD is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the Exposure at Default.

Grouping financial assets measured on a collective basis:

The Group believes that the Joint Liability Group (JLG) loans & Self help group (SHG) loans have shared risk characteristics (i.e. homogeneous) and Individual loans (IL) have not shared risk characteristics. Therefore, JLG/SHG and IL are treated as two separate groups for the purpose of determining impairment allowance.

Exposure At Default:

For CA-Grameen the Exposure At Default is the sum of outstanding principal and the interest amount accrued but not received on the loans as at reporting date. While for MMFL the EAD is the outstanding amounts of principal and the interest accrued but not received at the expected date of default.

Forward looking information

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on the historical loss experience or to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows is reviewed regularly to reduce any differences between loss estimates.

The Group follows a governance process to assess the adjustment required on the historical estimate of ECL in the form of overlay which may result in a positive or negative scenario applied to the estimated historical ECL, or, in some cases, unadjusted historical information (neutral scenario) may be the best estimate.

For forward looking information, the Group assessed if there are any macroeconomic indicators or socio-economic, socio-political events and natural disasters that may impact the future expectation of credit quality compared to historical information captured in the ECL model. The Group acknowledged that in the recent years it had been attempted by several academic researchers and by microfinance industry practitioners to establish a statistical relationship between historical default rates and the macroeconomic, socio-economic, socio-political variables. This typically entailed using various types of correlation and regression analysis to ascertain if that relationship is statistically significant. However, the results were found to be statistically insignificant.

The Group strongly believed that in the absence of significant correlation, the professional judgement of senior management should be used and hence it has been formalized in a structured governance process in order to ensure best quality inputs, process and consensus of the senior management toward exercising such judgement. Therefore, subsidiaries structured and documented a governance process whereby senior management met, received inputs, analysed them and eventually reached a consensus on the determination of a quantitative overlay.

Microfinance industry suffered significant credit losses due to the spread of Covid-19 virus during the first half of FY21 (henceforth referred as Wave-1). Virus infection abated gradually during the second half and subsequently resulted in improving portfolio quality trend. However, the Group currently witnessing a sudden spurt (henceforth referred as Wave-2) in Covid infection across its operational geographies. This has the potential to impact portfolio quality over the next 1-2 quarters. Looking into various stress scenarios the CA-GR management has decided an overlay amounting to EUR 13 mln as at 31 March 2021 (EUR 11 mln as at 31 March 2020) as part of its Expected Credit Loss estimate.

Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various variables and assumptions, which could result in actual credit loss being different than that being estimated. However, the full extent of impact of the pandemic on the Group's operations and financial metrics (including impact on impairment allowances for loan portfolio and the assumptions used in testing the impairment of the carrying value of goodwill) will depend on future developments including governmental and regulatory measures and the Group's responses thereto, which are highly uncertain at this time.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. 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 are credited to the statement profit and loss account.

Loans to CreditAccess SEA Group

Senior loans given by CreditAccess India NV to its former subsidiaries have been retained, after Demerger, in CAI group while subordinated loans were transferred to CreditAccess SEA BV. The senior loans amount to EUR 4.8 mln as at 31 March 2021 (31 Mar 2020: EUR 16.8 mln) and are in local currency of borrowing entity. The foreign currency open positions arising due to these loans are hedged (refer to note 3.4.20).

These loans have been assessed for impairment under IFRS 9 according to the following methodologies. The financial instruments have been split in two groups with shared risk characteristics based on counterpart (i.e. BAV and OP) and have been classified as Stage 1 because it was assessed there was no significant increase in credit risk of the borrowers. Besides considering the historical PD and LGD of the borrowers, suggesting zero PD, the management has considered additional model to assess the ECL.

Equity Buffer ECL model:

Three different scenarios were considered (likely, stressed 1 and stressed 2) with three different ECL rates on portfolio of the borrowers, the resulting ECL is then allocated first to the equity and the exceeding part, if any, to the senior debt of the borrower. Based on the analysis as of 31 March 2021 the ECL resulting from the likely and stressed scenarios can be fully absorbed by the equity buffer. The Equity Buffer model shows zero ECL for outstanding receivable by both borrowers, i.e. the equity buffer is sufficient to absorb the ECL from the scenarios considered for the analysis.

3.4.6.3. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

3.4.7. Transfers of financial assets

An asset is transferred if either the Group has transferred the contractual rights to receive the cash flows, or the Group has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:

1. the Group has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset,
2. the Group is prohibited from selling or pledging the original asset (other than as security to the eventual recipient),
3. the Group has an obligation to remit those cash flows without material delay.

Once the Group has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Group has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Group must assess whether it has relinquished control of the asset or not. If the Group does not control the asset then derecognition is appropriate; however if the Group has retained control of the asset, then the Group continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

The Group entities continued to enter into two types of transactions for transfer of own originated financial assets, namely securitization and direct assignment during the current financial year for the primary purpose of funding and liquidity management. CA Grameen and MMFL continued to perform collection service for both direct assignment and securitization deals in exchange of a service fee and a share in the interest from the underlying assets agreed with the counterparties.

In securitization transactions, CA Grameen and MMFL sold the legal title of the assets to SPVs which in turn have issued securities to investors. The interests of CA Grameen and MMFL in the securitized assets were retained through provision of credit enhancements in the form of cash deposit and/or portfolio over-collateral. In all these cases, the originating entities retains substantial risk and reward of the assets in such a manner that the transfers do not fulfil the derecognition criteria under IFRS 9 and hence the transferred assets are reported as on-balance sheet assets in loans to customers. For details refer to note 20. However, the Group does not exercise control over the SPVs (which are controlled by independent Trustees) and hence does not consolidate the SPVs.

Following are the loans to customers transferred through securitization:

	2020/2021 EUR	2019/2020 EUR
No. of SPVs sponsored by CA-GR for securitization transactions.	2	9
Number of loans	2,181	253,325
Coupon rate range	9.10%-10.0%	9.25%-10.0%
Cash collateral	405,842	2,528,799
Outstanding amount of securitized loans to customers as at end of the year	1,853,396	11,838,939
Number of Loans in securitization deals in default as at end of year	282	-
Amount of Loans in securitization deals in default as at end of year	295,570	-

In direct assignment transactions, CA Grameen and MMFL sold legal and economic title of loans directly to third parties as true sale whereby the transfers qualified for the derecognition criteria under IFRS 9 and are considered as off-balance sheet exposure, hence not reported on the consolidated balance sheet.

Following are the loans to customers transferred through direct assignment during the financial year:

	2020/2021 EUR	2019/2020 EUR
Number of assignment deals	5	10
Number of derecognized loans	469,393	505,879
Aggregate consideration received	153,486,191	111,603,897
Outstanding amount of assigned loans to customers as at end of the year (off balance sheet)	149,407,946	69,007,517
Income recognized in statement of profit or loss	14,708,785	5,837,266
Coupon rate range	8.5%-9.65%	8.5%-10.5%
Minimum Retention Requirement	19,042,954	8,504,630
Number of loans in assignment deals have defaulted as at end of year	51,761	-
Amount of Loans in assignment deals in default as at end of year	4,558,297	-

On direct assignment a gain/(loss) on transfer of financial assets (in the form of excess spread) is recognised, at the time of transfer, in other income section in the statement of profit or loss.

The Group has not purchased / sold any non-performing financial assets in the current and previous year.

3.4.8. Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Any goodwill that arises on account of such business combination is tested annually for impairment.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Group incurs in connection with a business combination, such as stamp duty for title transfer in the name of the Group, finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

On 18 March 2020 CA Grameen has acquired 75.64% stake in MMFL for EUR 79.3 million. On 31 March 2020 CA Grameen acquired additional 0.44% stake for EUR 0.46 million at the same per share price of EUR 14.57. Both transactions were paid in cash by CA Grameen to the selling shareholders of MMFL.

The acquisition will provide access to a large and unique client base of MMFL and would result in the geographical diversification of the portfolio of the parent entity and strengthens its leadership position in the microfinance market.

Further during the current financial year CA Grameen acquired 0.17% of MMFL shareholding.

For Goodwill please refer to note 15.

3.4.9. Other assets

Other assets include the receivables related to the loans to customers such as penalty receivable and cash collateral receivable etc.

Other Assets for the year ended 31 March 2021 do not include interest receivable. Interest receivable were shown in Other Assets in prior years, therefore, the comparative information for the year ended 31 March 2020 has been reclassified.

Other assets include also the security deposits for rental premises, advances to staff, prepayments, tax receivables, interest receivable on term deposit & liquidity management instruments, dividend receivable and technical assistance fee receivable etc.

At the end of each year, the impairment on receivables is assessed and deducted (if any) from the carrying amount of such receivable.

3.4.10. Externally acquired intangible assets

An intangible fixed asset is an identifiable non-monetary asset without physical substance. Externally acquired intangible asset is a resource that is controlled by the Group as a result of purchase from external party and from which future economic benefits are expected to flow to the Group.

At initial recognition Intangible Assets are measured at cost. The cost of intangible assets consists of all cost involved that are directly attributable to purchase, create, produce and prepare the asset so that it is ready to be used in accordance with the intent of the management.

After initial recognition intangible assets should be carried at cost less accumulated amortization and impairment allowance.

The significant intangibles recognized by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible assets	Useful economic life	Valuation method
Trade name and customer relations	5 years	Multi-Period Earnings Method
Software	5 years	Straight-line basis

3.4.11. Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss and it is then tested for impairment annually. Please refer to note 15.

3.4.12. Tangible fixed assets

Tangible assets are assets, with physical substance, which have been purchased in the ordinary course of business and are held for use in the production of services or for administrative purposes and which are expected to be used for more than one year. Tangible fixed assets include land and buildings, vehicles, computer equipment, office equipment, furniture and fittings, electrical equipment and leasehold improvements. Tangible assets are initially recognized at cost which includes all costs necessary to bring the asset to working condition for its intended use.

After initial recognition, a tangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment allowance.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of tangible fixed assets so as to write off their carrying value over their expected useful economic lives.

The Group has adopted following useful life criteria for its various categories of tangible fixed assets. MMFL is the new acquisition of the Group and has similar policy (as the Group) to calculate depreciation, on tangible fixed assets, using the straight line method on the expected useful life of the asset and, if applicable, the estimated residual value at the end of the useful life of the asset, however, useful life in various categories in MMFL differs as below:

Category of tangible assets	Useful life	
	Group excl. MMFL	MMFL
Buildings	30 years	30 years
Furniture and fittings	10 years	6.67 years
Office equipment	5 years	5 years
Computer equipment	3 years	3 years
Electrical equipment	10 years	5 years
Temporary structures	N/A	1 year
Vehicles	8 years	5 years
Leasehold improvements	Lease term	Lease Term
Right of Use asset	Lease term	Lease Term

3.4.13. Impairment of non- financial assets (excluding deferred tax assets)

Impairment tests on goodwill are undertaken annually at the financial year end. An impairment is necessary in the event that the carrying amount of a specific Cash Generating Unit (CGU) exceeds the estimated recoverable amount/ fair value of such CGU. The recoverable amount is measured as the greater of value in use (i.e. discounted cash flow) and fair value less cost to sell.

Tangible assets, intangible assets, trade and other receivables are all reviewed for impairment whenever triggering events indicate that the carrying amount of the assets may not be recoverable. Where the carrying amount of such asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of assets are determined by reference to their carrying amount and are reported in operating profit.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its CGUs. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent when they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill can not be reversed.

3.4.14. Financial liabilities

Recognition of financial liabilities

Financial liabilities are initially recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial liabilities

All financial liabilities are initially measured at fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement of financial liabilities

Adoption of IFRS 9 doesn't change the basic accounting model for financial liabilities followed by the Group under IAS 39. Two measurement categories continue to exist: FVTPL and amortized cost.

Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

Group's Financial Liabilities

The Group's financial liabilities include finance debt.

3.4.14.1. Finance debt

Finance debt is initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument.
Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Net finance debt for the year ended 31 March 2021 includes interest payable. Interest payable were not shown in finance debt in prior years, therefore, the comparative information for the year ended 31 March 2020 for the same has been reclassified.

3.4.15. Defined contribution schemes

Under a defined contribution plan, the Group pays fixed contributions into a fund but has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits. The Group's obligation is therefore effectively limited to the amount it agrees to contribute to the fund and effectively place actuarial and investment risk on the employee.

Contributions to defined contribution pension schemes are charged to the statement of profit or loss in the period to which they relate.

3.4.16. Defined benefit schemes

These are post-employment benefit plans other than a defined contribution plan. These plans create an obligation on the Group to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the Group.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Gains or losses through remeasurements of net benefit liabilities/ assets are recognised with corresponding charge/credit to the retained earnings through other comprehensive income in the period in which they occur.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non- current liabilities and calculated using the projected unit credit method.

3.4.17. Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options on the date of grant is charged to the statement of profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest on each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of profit or loss is charged with the fair value of goods and services received.

3.4.18. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable income will be available against which the difference can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company, or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or
- To realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3.4.19. Other liabilities

Other liabilities include payable to creditors on ordinary business transactions, insurance, tax payable and other accruals. Please refer to note 21 for details.

Other liabilities for the year ended 31 March 2021 do not include interest payable. Interest payable were shown in Other liabilities in prior years, therefore, the comparative information for the year ended 31 March 2020 for the same has been reclassified.

3.4.20. Hedge accounting

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group started using hedge accounting during FY18/19 and applied the hedge accounting requirements of IAS 39 when it started lending to its subsidiaries in their local currencies.

A valid hedge relationship exists when a specific relationship can be identified between financial instruments in which the change in value of one instrument, the 'hedge instrument', is correlated highly negatively to the change in value of the other, the 'hedged item'. To qualify for hedge accounting, this correlation must be within 80% to 125%, with any ineffectiveness recognized in the profit or loss account.

CAI gave loans to companies of CreditAccess SEA Group (previously controlled subsidiaries of CAI that got separated as a result of Demerger in FY19/20), denominated in the borrowers' local currency. As a result, CAI is exposed to the risk of volatility in cash flows from movements in foreign currency exchange rates. CAI uses derivative financial instruments (i.e. forward currency contracts) to hedge its exposure to foreign currency exchange rate fluctuations relating to settlement of intercompany loans for which CAI applies hedge accounting.

Such forward currency contracts are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value.

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

1. the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
2. at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
3. the hedging relationship meets all of the hedge effectiveness requirements.

Only cash flow hedges of balance sheet positions are relevant to the Group.

Until settlement of the derivative the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in OCI, with the spot element of respective contracts being accumulated in a separate component of equity under Cash-flow hedge reserve, while the forward element being accumulated in a separate component of equity under Cost of hedging reserve. When the hedged item affects the profit or loss account any remaining gain or loss is treated as hedge ineffectiveness which is recognized in profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, the amount that has been accumulated in the cash flow hedge reserve remains there until the future cash flows occur; if the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss. The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

3.4.21. Capital Disclosures

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's shares are classified as equity instruments.

Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognized directly in equity. The cost of treasury shares held is presented as reserve ("treasury shares").

3.4.22. Cash flow statement

The cash flow statement has been prepared using the direct method. The cash items disclosed in the cash flow statement comprise cash in hand and at banks except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received, and income taxes are included in cash from operating activities. The purchase consideration paid for an acquired Group company has been recognized as cash used in investing activities where it was settled in cash.

Any cash at banks and in hand in an acquired Group company have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash flow from financing activities and as interest paid under cash flow from operating activities.

3.4.23. Current versus non-current

Assets and liabilities with a maturity date within one year are classified as current. Assets and liabilities with a maturity date of more than one year are classified as non-current. For current versus non-current presentation refer to note 5.4.

3.4.24. Offsetting of financial instruments

Assets and liabilities are offset and reported net insofar the Group has a legally enforceable right to set-off the recognized amounts and intents to settle them on a net basis.

3.4.25. Provisions

Provisions are recognized when:

1. The Group has a present legal or constructive obligation as a result of past events; and
2. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3. A reliable estimate of the amount of the obligation can be made.

3.4.26. Financial instruments measured at fair value

The following table gives an overview of the financial instruments valued at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (note 3.1).

Loans to customers at FVTOCI was measured using significant level 2 inputs.

Fair Value	**Level 2**	
	2020/2021 EUR	**2019/2020 EUR**
Financial assets		
Derivative financial instruments	-	268,790
Loans to customers at FVTOCI	1,037,220,301	928,935,932
Total	**1,037,220,301**	**929,204,722**
Financial liabilities		
Derivative financial instruments	161,520	588,191
Total	**161,520**	**588,191**

Derivative financial instruments refer to currency forward contracts that are traded on the Over The Counter market. The fair value of currency forward contracts is determined using standardized model observable inputs (Level 2 of the Fair Value Hierarchy), such as spot and forward currency exchange rates, applied to notional amounts and to the expiration dates stated in the applicable contract.

Fair Value of loans to customer has been estimated based on the segment of loans that is eligible for securitization or assignment/sale comprising of fulling performing loans (with zero past due days) that are lent to customers for income generating purposes. The discount rate used to estimate the present value of the cash flows is lending rate as at reporting date. For further details see note 17. The fair value reflects the value as if loans were issued at reporting date.

4. Critical accounting judgements and estimation uncertainty

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable and appropriate under the circumstances, the results of which form the basis of the judgments about the carrying values of assets and liabilities that cannot be determined, without undue cost or effort, from other sources.

Although these estimates are based on management's best knowledge of current events and actions, there is an inherent risk that actual results could differ from such estimates, especially in a situation where COVID-19 pandemic has broken out and is still unclear the magnitude in which it will disrupt the economic and social environment of our operations. Several estimates made by the Group, including but not limited to the estimate of impairment of loans to customers, are highly dependent on uncertain future developments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

4.1. Critical judgements in applying accounting policies

Going concern

The sudden spread of second wave of COVID-19 pandemic has created a challenging environment. Our focus in these testing times will be on safeguarding the health of our employees and customers. We shall closely evaluate the business impact of the ongoing disruptions and use our experience of FY20/21 to stabilise our business. We will evaluate and support our borrowers using various measures announced by RBI on 5th May 2021. Our strong balance sheet, adequate liquidity and capital position, stable credit rating, and strong relationship with our lenders should enable us to receive continued funding access over coming months. Furthermore, our demonstrated capability of managing asset quality stress, witnessed multiple times in the past, backed by our resilient business model coupled with highly experienced stable management team, should give comfort and confidence to our lenders, investors and various stakeholders. Based on the foregoing and necessary stress tests considering various scenarios, the consolidated financial statements have been prepared on a going concern basis.

Hedge Accounting

A valid hedge relationship exists when a specific relationship can be identified between financial instruments in which the change in value of one instrument, the ‘hedge instrument’, is correlated highly negatively to the change in value of the other, the ‘hedged item’. Refer note 3.4.20, note 7, note 18 and note 26.

Business model assessment

This refers to the classification of financial instruments, mainly loans to customers. Refer note 3.4.6.1, 3.4.26 and note 17.

4.2. Assumptions and estimation uncertainties

Fair value of financial instruments

This refers to the fair valuation of loans to customers classified as FVTOCI. Please refer to note 3.4.6.1, note 17 and note 18

Impairment of intangible fixed assets

Please refer to note 15

Impairment of loans to customers

Estimate of expected credit loss (please refer to note 17)

Impairment of loans to CreditAccess SEA Group

Estimate of expected credit loss (please refer to note 42).

Contingent liabilities and assets

Please refer to note 28.

Share based payments

Estimate of fair value of share based payments (please refer to note 30).

Recognition of deferred income tax assets

Availability of future taxable income against which tax losses carried forward can be used (please refer to note 24).

Measurement of defined benefit obligations

Key actuarial assumptions (please refer to note 29).

Provisions

Please refer to note 3.4.25

Provision for tax expenses

Please refer to note 12.

5. Risk management

Risk Type	Definition	Risks	Application for the Group
FINANCIAL RISK	The Group is exposed to financial risks such as credit risk, interest rate risk, foreign currency risk and liquidity risk that impact its earnings	Capital Risk	Risk of loss of part or all of an investment.
		Credit Risk (transaction and concentration risk)	Risk that the Group will incur a loss because its clients or counterparties fail to meet their financial obligations towards the Group. Refer note 5.2 for Group's measurement and mitigation of the credit risk. Credit risk includes portfolio concentration risk that is the risk of financial losses related to the composition of the overall loan portfolio, caused by inadequate portfolio diversification. The Group has low appetite for this risk and hence it follows a strong diversification strategy. The Group monitors and analyses the concentration risk and the trends (in terms of gross loan portfolio and portfolio at risk both for amount and number of clients) at various levels such as: - By product - By geography (i.e. by branch/area/district/region/state) - By loan cycle.
		Interest Rate Risk	Risk that the Group's earnings and profitability will be affected by fluctuations in the market interest rates. Refer to note 5.3.1 for Group's measurement and mitigation of the interest rate risk.
		Foreign Currency Risk	Risk of loss to the Group that may arise from open positions in foreign currencies due to adverse movements in foreign exchange rates. Refer to note 5.3.2 for Group's measurement and mitigation of the foreign currency risk.
		Liquidity Risk	Risk that the Group will be unable to meet its payment obligations as and when they fall due under normal and stressed circumstances. Group takes following measures to mitigate this risk: - Diversified funding resources, - Asset-Liability management (e.g., maturity mismatches, static and dynamic scenarios), - Effective fund management, - Maximum & minimum liquidity ratio thresholds, and - Projected cash flow analysis. Refer to note 5.4 for Group's measurement and mitigation of the liquidity risk.

OPERATIONAL RISK	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	People Risk	People risk may arise due to staffing inadequacy, loss of key personnel, employee errors, lack of information awareness, information and communication, other human resource issues and wrongful acts. In order to mitigate people risk, Nomination and Remuneration Committee of Board is in place. Dedicated HR function in the subsidiary ensures efficient organizational structures, fair compensation policies, standard recruitment and remuneration practices, induction trainings, healthy workplace, excellent code of conduct, customer-oriented culture, and sufficient training and development.
		Process Risk	Process risk may arise due to flawed/inefficient business/ operational/ financial processes, loose internal controls, inappropriate/inadequate/inaccurate reporting processes etc. In microfinance, major process risk factors include cash handling, lending process exposures and transmitted reputational risks. Risk mitigation by the Group entities includes: - Use of policies, procedures and systems for a strong control environment. - Adoption of the core control standards. - Proactive monitoring and reporting of operational risks (analysis of internal audit/control findings, internal loss collection and analysis, business process mapping, operational predictive Key Risk Indicators.
		Systems (Technology) Risk	Sources of systems (technology) risk include general technology problems, hardware failures, software failures, security issues, system failures, system maintenance issues, network failure, interface failure, hacking, data theft and virus schemes etc. Subsidiary mitigates this risk through well-established IT function, strong and recognized core banking system, use of policies and procedures for data access, information security processes (e.g., access rights, logical access, information classification, equipment protection), strong network, software installation, data privacy, back-up and through audit trails. Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are tested, and an annual IT risk and audit assessment is conducted through specialized service provider.
		External Event Risk	Sources of external event risk include natural disasters and non-natural (man-made) disasters. Group prepares itself for such risks through putting in place a business resiliency and continuity plan, by conducing scenario analysis and by following the appropriate policies on risk mitigation and management strategies. Microfinance companies mainly run based on human interaction in the field through designed processes using available tools and technologies. Therefore, the Group is clearly exposed to all operational risk types described above. The Group for its low appetite for operational risk, has extensive governance and internal control environment. It mitigates this risk through internal control systems, automation, IT innovation and internal audit.
Why Operational Risk is critical for MFIs			The Group, for its low appetite for operational risk, has extensive governance and solid internal control environment. It mitigates this risk through internal control processes, systems, automation, IT innovation and internal audit.

Roles and Responsibilities		Three lines of Defense	The Group uses the three lines of defense structure to measure and manage all the risks. Refer risk governance section for the details of three lines of defense.
		Core Control Standards	The Group follows the following core control standards to mitigate and manage the operational risks. - Segregation of duties and rotation - Annual leaves and adequate compensation - Compliance with all regulatory requirements - Code of business conduct/code of ethics - Internal and external reporting & communication - Oversight and independent monitoring - Legal agreements - Documented job descriptions - Regular trainings - Adequate and competent staff - Maintain adequate records - Protection of staff, information and property - Passwords/access rights - Data and record protection - Compliance reviews/internal audits
STRATEGIC RISK	Risks of loss that failed business decision, or lack thereof, may pose to a company	Business Plan risk including Market Dynamics Risk	Risk of loss that might arise from the poor decisions and substandard execution of decisions by inadequate resource allocation or from failure to respond well to changes in business environment. Group mitigates this risk though a detailed business plan exercise taking into account all the market dynamics and planning accordingly the internal resources allocation. Market dynamics risk is the risk of loss due to failure to respond to changes in business environment. The Group uses the following measures to mitigate such risk: - Clear responsibility assigned for scanning the market environment and the changing technological context for potential disruptions - Scenario analysis - Stress testing for strategic initiatives (products, process) and analysis of the downside scenarios - Consultative strategic planning process.
		Political Risk	Political risk is the risk of negative impact on business operations due to political changes and interference. We provide loans under group lending model to women and low-income households without any collateral. This exposes our Group to risks from intentional default by customers (contagious risk) arising from external factors such as political interventions and community influence.
		Reputational Risk(includes but not limited to Integrity risk from code of conduct)	Reputation risk arises from ethics violations, safety issues, security issues, poor quality of controls and poor customer relations. There is a reputational risk linked to how our business is perceived in terms of responsible lending and fair pricing, transparency and for code of conduct. The Group has a low appetite for reputation risk where such risks could prompt key stakeholders to intervene in the decision making or running of the day to day business. Risk arising from unethical contacts with customer. The Group has implemented a code of conduct and embedded it in the HR culture via regular trainings.

STRATEGIC RISK *Continued*			The mitigants that the Group follows are: - Low cost operations and low pricing for customers - Customer centric approach, high customer retention - Systematic customer awareness activities - High social focused activities - Adherence to client protection guidelines - Robust grievance redressal mechanism - Adherence to regulatory guidelines in letter and spirit - Strong compliance officers - The Group has implemented a code of conduct and embedded it in the HR culture via regular trainings.
	Regulatory Risk	External Regulations risk	Regulatory risk is the risk of a change in regulations and laws that might affect the industry or business. Investment in developing countries poses the risk of changing regulations that can significantly change the framework of an industry and also the cost-structures. The Group has low appetite for regulatory risk. Group ensures through compliance, accounting and audit to adhere to regulatory guidelines in the true letter and spirit.
		Internal policy compliance risk	The audit function in each Company helps identifying the policy non-compliance which is communicated to the operations through Audit Committee. The compliance is ensured through a follow up process.
	Country Risk	Country Risk	Country risk arises from country-specific events that adversely impact the Group's exposure in a specific country. Within the Group, country risk is broadly defined. It includes all relevant factors that have a common impact on Group's portfolio in a country such as economic, banking and currency crises, sovereign default and political risk events. The assessment of the country rating is based on a benchmark of external rating agencies and other external information. Most recent rating of the country where the Group operates is provided below:

Agency	Rating	Outlook
Fitch	BBB-	negative
Moody's	Baa3	negative
DBRS	BBB	negative

Source: Trading Economics

Risk governance

The Group has in place a structured risk governance, ensuring an effective level of alignment between oversight and management responsibility for risk.

The Group has two levels for risk governance:

1st level of Governance - Group
Group Board of Directors
Group Business Committee
Group Risk & Audit Committee

2nd level of Governance - Subsidiary
Subsidiary Board of Directors
Subsidiary Business Committee
Subsidiary Risk & Audit Committee

At Group level – 1st level of governance

Group Board of Directors (Group BoD) Group Risk and Audit Committee (Group R&A Committee)

This Committee is mandated by the Group Board to assist in fulfilling its oversight responsibilities regarding the effectiveness of the risk management (including compliance) and internal control framework performed across the subsidiaries of the Group.

- The Committee conducts quarterly review of the Key Risks Indicators (KRIs) and the status of the mitigation measures adopted for the most relevant and strategic risks. For this purpose the Group CRO reports and participates at the Risk and Audit Committees meetings and the Board meetings of the subsidiary and provide recommendations and feedback on all risk related matters on behalf of the Group R&A Committee.

- The Group CRO submits to this R&A Committee a quarterly Risk Oversight Report (including credit risk management) which typically covers:
  - The status and evolution of the Risk Management and Internal Control Framework.
  - The KRIs dashboard and status of mitigation measures adopted for the most relevant and strategic risks.
  - Information about any critical issues and risks and the effective risk management and mitigation and the plan to improve the internal controls.

- The role of this R&A Committee is not to directly control and monitor the risks of the businesses, because these activities are already carried out by the Board and the Risk and Audit Committee of the subsidiary and through their local management team. The Group delegated the responsibility to review and approve all the policies (including the credit policies) to the Board of Directors and the Risk and Audit Committee of the subsidiary.

Risk profile and appetite

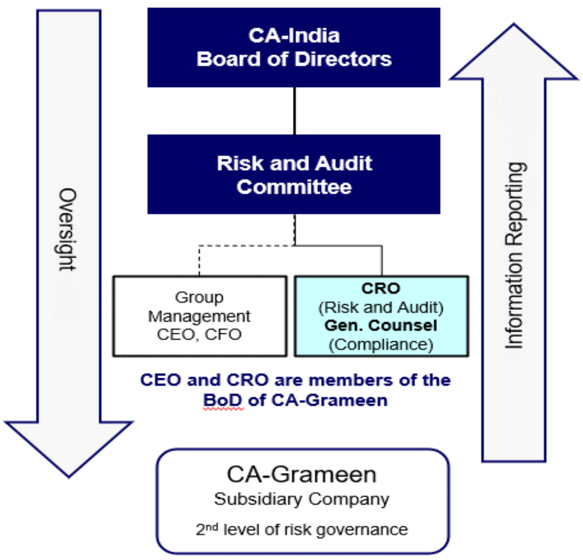
The risk appetite articulates the type and quantum of risk that the Group is willing to accept in pursuit of its strategy. The Group has to accept the risks that are required or necessary to conduct its core business of providing loans to customers. It is therefore needed to have a risk appetite that supports a stable organization that can continue in the long run. The Group actively pursues credit risk resulting from loans to customers. Other risks cannot always be avoided, but the Group mitigates these risks as much as possible. The Board determines which risks the Group may assume, the appetite levels for these risks and the principles for calculating and measuring such risks.

The Group's risk profile consists of financial risks, operational risks and strategic risks.

Overall, Group's risk appetite is low to moderate. Maintaining relatively tight caps on risk exposures is seen as the most conducive approach to providing cost-appropriate mass-market financial services in a socially inclusive manner. The Group rejects any speculative, short-term, high-risk/high-return approach to financial services delivery. The cornerstones of Group's business model are customer service, outreach and financial inclusion, innovation, technology, proactive risk management and sustainable growth. For example, Group will not engage in activities or otherwise enter into risks that do not have a clear relationship to the mission of the institution and support the Group in delivering on its promise to shareholders and customers of integrity, social advancement, economic empowerment and sustainable profitability.

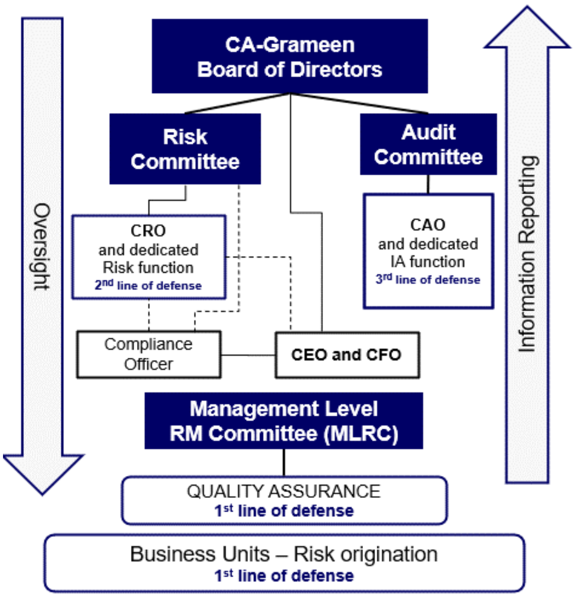
The stated mission and fundamental risk appetite will guide the Group in developing its strategy, in considering decisions about new products or new markets and in setting appropriate exposure limits in each of the risk areas.

The risk-based roles and responsibilities in the Group are organized in adherence to the 'three lines of defense' principle to ensure appropriate levels of segregation.



CA India has in place a structured risk governance, ensuring an effective level of alignment between oversight and management responsibility for risk.

At Subsidiary level – 2nd level of governance



In CA Grameen there is a strong risk culture and a solid risk management (RM) framework:

THIRD LINE DEFENSE – Internal Audit Function

Audit Committee (AC): It assists the BoD in fulfilling its oversight responsibilities regarding the Internal Control system in CA Grameen.

Chief Audit Officer (CAO) and IA Function: Systematic "ex post" appraisal of operations, processes and financial reports. In relation to RM, IA review the effectiveness of RM and compliance with policies.

SECOND LINE DEFENSE – Risk Management Function

Risk Committee (RC): The RC assists the BoD in fulfilling its oversight responsibilities regarding the RM system, policies and practices to ensure the effectiveness and adequacy of risk management in CA Grameen.

CRO and Risk Function: A separate RM function works with and across the business lines. The CRO reports to the CEO and the Board RC (dual reporting). It includes a sub-function focused on data analytics in order to identify, measure/understand, monitor/control risks.

Compliance Officer: It reports to the CEO for legal and admin matters but it has a dotted line to the CRO and the Risk Committee since the role of compliance officer is sensitive and requires independence, discretion confidentiality for these tasks and responsibilities.

Management Level RM Committee (MLRC): Chaired by the CEO, it includes CRO, CFO, CBO and CAO. Other Head of Depts (HODs) may be invited to the meetings. The MLRC facilitates the coordination of the CRO with other HOD's (Business Units) to ensure effective execution of RM Activities.

FIRST LINE DEFENSE

Quality Assurance (1st line): There is a dedicated Quality Control (QC) Team that focuses on adherence to processes on the field. The QC Team reports to the Business Head (but without business targets).

At subsidiary level - Risk mitigation and risk culture

Risk assessments are conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company.

Procedures are established to update risk assessments at appropriate intervals and to review these assessments regularly. Also, based on the Risk Control and Self-Assessment (RCSA) exercise, the Company formulates its risk management strategy and plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation is planned by using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss.

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy where the probability of occurrence is low but the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

At subsidiary level - Risk measurement and reporting systems

The heads of all the departments in association with the risk management department are responsible for coordinating the systems for identifying risks within their own department or business activity through RCSA exercise to be conducted at regular intervals.

Based on a cost / benefit assessment of a risk, as is undertaken, some risks may be judged as having to be accepted because it is believed mitigation is not possible or warranted.

As the risk exposure of any business may undergo change from time to time due to continuously changing environment, the updating of the Risk Register is done on a regular basis.

All the strategies with respect to managing these major risks shall be monitored by the CRO and the MLRC.

The MLRC meetings are held as necessary or at least once a month. The MLRC monitors the management of major risks specifically and other risks of the Company in general. The Committee takes an integrated view of the risks facing the entity and monitor implementation of the directives received from the Risk Management Committee and actionable items drawn from the risk management framework.

Accordingly, the MLRC reviews the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting:

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI’s), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across the organization.
- Review of HR management, training and employee attrition.
- Review of new initiatives and product/policy/process changes.
- Discuss and review performance of IT systems.
- Review the status of strategic projects initiated.
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

At subsidiary level - Risk management strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting the industry or geographical location.

The following management strategies and policies are adopted by the Company to manage the various key risks.

Political Risk mitigation measures:

- Low cost operations and low pricing for customers.
- Customer centric approach, high customer retention.
- Rural focus.

- Systematic customer awareness activities.
- High social focused activities.
- Adherence to client protection guidelines.
- Robust grievance redressal mechanism.
- Adherence to regulatory guidelines in letter and spirit.

Concentration risk mitigation measures:

- District centric approach.
- District exposure cap.
- Restriction on growth in urban locations.
- Maximum disbursement cap per loan account.
- Maximum loan exposure cap per customer.
- Diversified funding resources.

Operational & HR Risk mitigation measures:

- Stringent customer enrolment process.
- Multiple products.
- Proper recruitment policy and appraisal system.
- Adequately trained field force.
- Weekly & fortnightly collections – higher customer touch, lower amount of instalments.
- Multilevel monitoring framework.
- Strong, Independent and fully automated Internal Audit function.
- Strong IT system with access to real time client and loan data.

Liquidity risk mitigation measures:

- Diversified funding resources.
- Asset liability management.
- Effective fund management.
- Maximum & minimum liquidity ratio thresholds

Expansion risk mitigation measures:

- Contiguous growth.
- District centric approach.
- Rural focus.
- Branch selection based on census data & credit bureau data.

The Group is exposed through its operations to the following financial risks:

- Capital risk;
- Credit risk;
- Fair value or cash flow interest rate risk;
- Foreign exchange risk;
- Other market price risk; and
- Liquidity risk.

There have been no substantive changes in the Group’s exposure to financial instrument risks and its objectives, policies, and processes for measuring and managing such risks. This note explains how these risks impact the financial statements.

5.1. Capital risk management

The Group aims to optimize the business which can only be achieved with a sound financial framework in place, combining healthy long-term profitability, sound capital adequacy and maximizing the return to stakeholders through the optimization of the debt and equity balance. Therefore, the Group seeks to maintain a strong capital position, by means of an integrated capital planning and control, regularly reviewed by the Asset & Liability Committee at subsidiary level. Capital management risk is therefore considered low. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of net debt (borrowings as detailed in note 22 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 25 and note 26).

The Group is not subject to any externally imposed capital requirements at consolidated level. CA Grameen is subject to compliance with statutory requirements on 'Capital to risk assets ratio' ("CRAR"), as imposed by the Reserve Bank of India ("RBI") of a minimum of 15%. As per the audited statutory financial statements of 31 March 2021 the CRAR of CA Grameen standalone is reported well above the statutory requirements at 31.75% (31 March 2020; 23.60% while the CRAR of MMFL standalone is reported well above the statutory requirements at 20.89% (31 March 2020; 23.01%)

When reviewing and approving the business plan of the subsidiary the Group sets the target capitalization at the level of the subsidiary. The capitalization is measured as the ratio between the total assets of the subsidiary minus its cash, cash equivalents and liquid investments versus its equity. Another parameter that is used to measure and monitor the leverage of subsidiaries is the ratio Finance Debt over Equity (D:E). During FY20/21 the Group has maintained a moderate leverage ratio between 2.80 and 2.08 times (FY19/20: 1.50 and 2.80) and the Group may leverage further and expand the business without needing to fund-raise additional equity capital.

Debt to Equity	**31-Mar-21**	**31-Mar-20**
	EUR	**EUR**
Borrowings	1,317,167,733	1,191,650,975
Less: cash & cash equivalents	-329,114,312	-123,824,257
Net debt	**988,053,421**	**1,067,826,718**
Total equity	475,377,994	381,205,347
Adjustments*	86,456	-224,882
Total adjusted equity	**475,464,450**	**380,980,465**
Debt to adjusted equity ratio	**2.08**	**2.80**

*excluding cash flow hedging reserve and cost of hedge reserve

5.2. Credit risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument, whether a customer or otherwise, fails to meet its contractual obligations toward the Group. Credit risk is the core business risk of the Group. The Group therefore has high appetite for this risk but low tolerance and the governance structures including the internal control systems are particularly designed to manage and mitigate this risk. The Group is mainly exposed to credit risk from loans to customers (including loans transferred to special purpose vehicles under securitization agreements, excluding loans sold under assignment presented as off balance sheet assets).

The subsidiary companies are credit-only Institutions and are predominantly involved in Group Lending. The credit risk may arise due to over borrowing by customers or over lending by other financial institutions competitors, gaps in joint-liability collateral and repayment issues due to external factors such as political, community influence, regulatory changes and natural disasters (storm, earthquakes, fires, floods) and intentional default by customers.

To address credit risk, the subsidiaries have stringent credit policies for customer selection. To ensure the credit worthiness of the customers, stringent underwriting policies such as credit investigation, both in-house and field credit verification is in place. In addition, subsidiaries follow a systematic methodology in the selection of new geographies where to open branches considering factors such as the portfolio at risk and over indebtedness of the proposed area/region, potential for micro-lending and socio-economic risk evaluation (e.g.; the risk of local riots or natural disasters). A credit bureau rejections analysis is also regularly carried out in the subsidiaries.

Credit risk is being managed by continuously monitoring the borrower's performance if borrowers are paying on time based on their amortization dues. The subsidiaries ensure stringent monitoring and quality operations through both field supervision (branch/area/region staff supervision, quality control team supervision) and management review. Management at the subsidiary's head office closely monitors credit risk through system generated reports (e.g., PAR status and PAR movement, portfolio concentration analysis, vintage analysis, flow rate analysis) and Key Risk Indicators (KRIs) which include proactive actionable thresholds limits (acceptable, watch and breach) developed by CRO, revised at the MLRC, and at the Risk Committee at the Board level.

Some of the main strategies to mitigate credit risk are:

1. Maintain stringent customer enrolment process,
2. Undertake systematic customer awareness activities/ programs,
3. Reduce geographical concentration of portfolio,
4. Maximum loan exposure to member as determined from time to time,
5. Modify product characteristics if needed (e.g., longer maturity for group clients in case the loan is above a certain threshold),
6. Carry out due diligence of new employees and adequate training at induction,
7. Decrease field staff turnover,
8. Supporting technologies: core banking solution, credit bureau checks, GPS, automated KYC checks and biometric.

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the country in which the customers are located, as these factors may have an influence on the credit risk.

Break down of the loans to customers by stages is provided in this note whereas breakdown by maturity is provided in note 5.4 and movement schedules of carrying amount and impairment allowance are provided in note 17.

As at reporting date, the impairment allowance is 5.01% (31 March 2020: 2.80%) of the Exposure At Default (EAD). A further 100 basis points increase in the impairment, resulting in 6.01% on EAD, would have a negative impact of EUR 14,480,555 on profit before tax.

Cash and cash equivalents and derivative instruments contain an element of risk of the counterparties being unable to meet their obligations. This financial credit risk is monitored and minimized per type of financial instrument by limiting Group's counterparties to a sufficient number of major financial institutions.

The Group maintains the idle liquidity with primary institutions of the country where they operate. The gross amount of financial assets represents the maximum credit exposure. The probability of credit risk on cash and cash equivalent is considered negligible.

The Group has no outstanding commitments towards its customers.

Further, disclosures regarding other receivables, which are neither past due nor impaired, are provided in note 19.

Below table shows maximum on balance sheet credit risk exposure:

On Balance Sheet Credit Risk Exposure	**31-Mar-21**	**31-Mar-20**
	EUR	**EUR**
Loans to customers - Net	1,365,816,565	1,338,851,124
Cash and cash equivalents	329,114,312	123,824,257
Other financial assets	20,307,604	29,413,489
Total	**1,715,238,481**	**1,492,088,870**

Consolidated summary table for Expected Credit Loss (ECL) for the Group is as below:

31-Mar-21					
Stages	**Exposure At Default (EAD)**	**Probability of Default (PD)**	**Loss Given Default (LGD)**	**ECL with overlay**	**ECL Rate**
	EUR	**w-avg.%**	**w-avg.%**	**EUR**	**%age**
Stage 1	1,281,373,300	0.9% to 2.0%	18.0% to 100%	17,764,621	1.39%
Stage 2	67,286,805	18.8% to 57.3%	18.0% to 100%	8,751,480	13.01%
Stage 3	99,395,365	100.0%	18.0% to 100%	46,041,878	46.32%
Total as at 31 March 2021	**1,448,055,470**			**72,557,979**	**5.01%**

PD % and LGD % are dislcosed as ranges as these relates to various products in CAGR and MMFL.

Considering COVID19 situation, the management has decided an overlay amounting to EUR 13 mln (31 March 2020; EUR 11 mln) as part of its Expected Credit Loss estimate.

At 31 March 2021, consolidated ECL allowance as percentage to EAD is equal to 5.01% (31 March 2020: 2.80%). Further details on ECL estimation approach and definitions are given in note 3.4.6.2.

31/Mar/20					
Stages	**Exposure At Default (EAD)**	**Probability of Default (PD)**	**Loss Given Default (LGD)**	**ECL with overlay**	**ECL Rate**
	EUR	**w-avg.%**	**w-avg.%**	**EUR**	**%age**
Stage 1	1,316,569,072	0.4% to 2.0%	64.0% to 100%	19,774,841	1.50%
Stage 2	9,569,976	22.9% to 57.3%	64.0% to 100%	2,465,386	25.76%
Stage 3	21,039,575	100.0%	64.0% to 100%	15,441,496	73.39%
Total as at 31 March 2020	**1,347,178,623**			**37,681,723**	**2.80%**

5.3. Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency denominated financial instruments. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

5.3.1. Cash flow interest rate risk

Interest rate risk arises as an associated risk from the Group's primary business. Overall interest rate risk appetite for the Group is considered at low to moderate level.

The Group is exposed to cash flow interest rate risk mainly from borrowings at a variable rate.

As at 31 March 2021 a significant portion of Group's external borrowing bears floating interest rate. During FY20/21, the Group's borrowings at variable rate were denominated in INR, whilst fixed rate borrowing were denominated in INR and EUR currencies.

The Group analyses the interest rate exposure on a quarterly basis and perform sensitivity analysis by applying simulation techniques in order to monitor and control the current and projected interest rate margin.

As at reporting date, if interest rate on interest-bearing assets and liabilities are estimated to be 100 basis points higher/lower, all other variables held constant, pre-tax profit would have an estimated decrease/increase of EUR 3,306,870 (31 March 2020; EUR 4,096,130) respectively.

In this sensitivity test the assumptions for a rate change is applied to:

a) Regenerated loans to customers after maturity of existing ones, for the remaining term estimated by using weighted average maturity for all loans to customers maturing within one year

b) Cash and cash equivalents estimated to be invested only 25%

c) Fixed rate borrowings obtained after maturity of existing ones, for the remaining term estimated by using the weighted average maturity of liabilities maturing within one year

d) All variable rate borrowing are included

The management considers that 100 basis points will be the likely change in INR and EUR interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

The Company is of the opinion that the interest rate sensitivity analyses is not fully representative of the quantum of risk that the Group is exposed to. Indeed, the Group has the tools and ability to maintain over time a stable interest rate margin and therefore minimizing the interest rate risk.

This conclusion is based on the reason that the combined effect of the short- term duration of the loan book together with a double-digit growth of the portfolio is such that a large portion of the Group portfolio is recycled on quarterly basis. The Group applies a fixed interest rate on the loans to customers, however fresh loans bear an interest rate that factors in the prevailing cost of funding at the time of the disbursement.

The interest rate risk exposure of the Group's interest-bearing financial instruments is as follows:

	31-Mar-21 EUR	31-Mar-20 EUR
Fixed rate instruments		
Financial assets	1,357,152,001	1,329,433,568
Financial liabilities	598,479,346	503,156,157
Variable rate instruments		
Financial assets	-	-
Financial liabilities	709,538,593	672,372,502

A 100 basis-point increase/decrease of the variable interest rates borrowings only, would decrease/increase the consolidated pre-tax profit by EUR 7,095,386 (2019/2020: EUR 6,723,725).

For the purpose of this disclosure financial assets include only the net loan portfolio and financial liabilities include only the finance debt. Interest receivable/payable have been excluded.

5.3.2. Foreign exchange risk

Foreign exchange risk "currency risk" arises when Group entities enter into transactions denominated in a currency other than their functional currency. Currency risk arises as an associated risk from the Group's primary business and the Group does not actively take trading positions. Group's appetite on market risk is low to medium and direct currency risk is largely hedged to remain within conservative boundaries. Overall currency risk for the Group is considered at medium level. The Group is not exposed to currency risk on debt financing instruments, neither on loans to customers which are all denominated in the functional currency of the subsidiaries. However, CAI N.V. continued to carry the loans given by CAA to CAA's subsidiaries denominated in the subsidiary's local currency. As a result, CAI N.V. is exposed to the risk of volatility in cash flows from movements in foreign currency exchange rates against EUR. CAI N.V. hedges the foreign currency exchange rate risks on these loans, denominated in foreign currencies, through the use of forward foreign currency exchange contracts with broadly matching terms (e.g. nominal amount, period of risk exposure).

The exposure is the nominal amount of loan balances as at balance sheet date. CAI N.V. may choose to hedge full or portion of the foreign currency exposure. CAI N.V. may also choose to hedge or not, the interest on the loan.

The effectiveness of all outstanding hedge contracts is monitored on a regular basis throughout the life of the hedges.

The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. Only products and services purchased from abroad may lead to foreign currency denominated expenses and liabilities.

The Group's net exposure un-hedged to foreign exchange risk is EUR 302,851 (31 March 2020: EUR 1,303).

The effect of a 10% strengthening of the local currencies against EUR at the reporting date on the consolidated unhedged foreign currency denominated net assets carried at the reporting date would, all other variables held constant, result in an increase in pre-tax profit of EUR 30,285 (31 March 2020: EUR 130) and a 10% weakening in the exchange rates would, on the same basis, decrease pre-tax profit by EUR 30,285 (31 March 2020: EUR 130).

5.3.3. Other market price risk.

At the reporting date, the Group does not hold assets that are exposed to market price risk.

5.4. Liquidity risk

Liquidity risk arises from the Group's management of working capital and the repayment obligations of principal and interest on debt instruments. It explains the risk that the Group may encounter difficulty in meeting its financial obligations as they fall due.

The Group's risk appetite is to maintain enough liquidity to meet its obligations and to ensure that the subsidiary disburses loans to its borrowers and repays loans to its lenders and therefore is considered at medium level.

The Boards of Directors of the subsidiaries are responsible to ensure that the relevant company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the policy is to seek equity and long term debt to finance the loans to customers. Each Company receiving debt financing has an Asset and Liability policy and a Board committee in charge of its supervision and implementation.

The liquidity risk policies of each Group entity are maintained and applied locally by the finance and treasury function, whilst the Board Assets and Liabilities committees are responsible to verify full compliance to the policy periodically. At the end of the financial period, the cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Loans to customers have shorter maturities compared to financial liabilities. Shorter maturities of assets allow sufficient flexibility to be liquid for all the liabilities at their maturity.

The following table shows liquidity gap by categorization of the balance sheet per contractual maturities of the carrying amounts of assets and liabilities. It presents, per instrument, the timing of the cash flows of undiscounted principal as well as of the fair market values, wherever required, as described in balance sheet and accompanying notes to the accounts. Expected cash flows resulting from undrawn commitments are not included in the liquidity gap analysis.

At 31 March 2021	Up to 3 months	Between 3 and 12 months	Sub-total current	Between 1 and 2 years	Between 2 and 5 years	Over five years	Maturity undefined	Sub-total non-current	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Assets									
Intangible fixed assets	-	-	**-**	-	2,132,096	54,006,638	8,098,912	**64,237,646**	**64,237,646**
Tangible fixed assets	-	-	**-**	48,592	10,636,136	43,258	-	**10,727,986**	**10,727,986**
Financial assets at FVTPL	-	-	**-**	-	-	62,485	-	**62,485**	**62,485**
Loans to customers – Gross	*265,042,667*	*651,721,081*	***916,763,748***	*467,229,705*	*54,378,894*	*2,197*	-	***521,610,796***	***1,438,374,544***
Impairment allowance	*-12,131,610*	*-29,811,003*	***-41,942,613***	*-20,849,080*	*-9,766,013*	*-273*	-	***-30,615,366***	***-72,557,979***
Loans to customers - net	252,911,057	621,910,078	**874,821,135**	446,380,625	44,612,881	1,924	-	**490,995,430**	**1,365,816,565**
Loans to CreditAccess SEA Group	-	4,617,376	**4,617,376**	-	-	-	-	**-**	**4,617,376**
Derivative financial instruments	-	-	**-**	-	-	-	-	**-**	**-**
Deferred tax assets	-	-	**-**	-	-	12,130,303	-	**12,130,303**	**12,130,303**
Other assets	4,973,445	19,249,057	**24,222,502**	6,937,504	1,322,967	3,954,946	19,890	**12,235,307**	**36,457,809**
Cash and cash equivalents	328,830,561	-	**328,830,561**	283,751	-	-	-	**283,751**	**329,114,312**
Total assets	**586,715,063**	**645,776,511**	**1,232,491,574**	**453,650,472**	**58,704,080**	**70,199,554**	**8,118,802**	**590,672,908**	**1,823,164,482**
Liabilities									
Interest bearing loans and borrowings	172,781,647	575,065,600	**747,847,247**	384,197,584	174,836,603	1,456,224	-	**560,490,411**	**1,308,337,658**
Lease liabilities	314,569	759,266	**1,073,835**	994,149	2,836,336	3,925,755	-	**7,756,240**	**8,830,075**
Post-employment benefit obligations	40,527	533,584	**574,111**	58,352	144,524	104,252	-	**307,128**	**881,239**
Deferred tax liabilities	-	-	**-**	-	-	-	-	**-**	**-**
Derivative financial instruments	-	161,520	**161,520**	-	-	-	-	**-**	**161,520**
Other liabilities	21,246,655	7,207,175	**28,453,830**	976,226	91,657	54,283	-	**1,122,166**	**29,575,996**
Total liabilities	**194,383,398**	**583,727,145**	**778,110,543**	**386,226,311**	**177,909,120**	**5,540,514**	**-**	**569,675,945**	**1,347,786,488**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**475,377,994**	**475,377,994**	**475,377,994**
Total equity and liabilities	**194,383,398**	**583,727,145**	**778,110,543**	**386,226,311**	**177,909,120**	**5,540,514**	**475,377,994**	**1,045,053,939**	**1,823,164,482**
Gap per bucket	**392,331,665**	**62,049,366**	**454,381,031**	**67,424,161**	**-119,205,040**	**64,659,040**	**-467,259,192**	**-454,381,031**	**-**
Cumulative Gap	392,331,665	454,381,031	454,381,031	521,805,192	402,600,152	467,259,192	-	-	-
Cumulative Gap %age	202%	58%	58%	45%	30%	35%	-	-	-

At 31 March 2020	Up to 3 months EUR	Between 3 and 12 months EUR	Sub-total current EUR	Between1 and 2 years EUR	Between 2 and 5 years EUR	Over five years EUR	Maturity undefined EUR	Sub-total non-current EUR	Total EUR
Assets									
Intangible fixed assets	113,658	267,627	**381,285**	2,242,743	47,066,274	9,785,408	8,383,598	**67,478,023**	**67,859,308**
Tangible fixed assets	474,923	1,370,910	**1,845,833**	2,021,936	4,475,776	2,216,308	-	**8,714,020**	**10,559,853**
Financial assets at FVTPL	5,430,648	-	**5,430,648**	-	-	64,682	-	**64,682**	**5,495,330**
Loans to customers – Gross	*54,540,600*	*749,883,302*	***804,423,902***	*532,715,717*	*29,859,561*	-	-	***562,575,278***	***1,366,999,180***
Impairment allowance	*- 1,470,284*	*- 20,637,212*	***- 22,107,496***	*- 14,636,838*	*- 821,278*	-	-	***- 15,458,116***	***- 37,565,612***
Loans to customers - net	53,070,316	729,246,090	**782,316,406**	518,078,879	29,038,283	-	-	**547,117,162**	**1,329,433,568**
Loans to CreditAccess SEA Group	8,753,738	3,294,846	**12,048,584**	4,779,420	-	-	-	**4,779,420**	**16,828,004**
Derivative financial instruments	173,607	12,326	**185,933**	82,857	-	-	-	**82,857**	**268,790**
Deferred tax assets	-	-	**-**	6,928,824	-	-	-	**6,928,824**	**6,928,824**
Other assets	12,502,456	9,865,836	**22,368,292**	3,533,962	3,290,426	2,747,188	30,047	**9,601,623**	**31,969,915**
Cash and cash equivalents	123,824,257	-	**123,824,257**	-	-	-	-	**-**	**123,824,257**
Total assets	**204,343,603**	**744,057,635**	**948,401,238**	**537,668,621**	**83,870,759**	**14,813,586**	**8,413,645**	**644,766,611**	**1,593,167,849**
Liabilities									
Interest bearing loans and borrowings	130,603,173	530,777,964	**661,381,137**	267,622,057	243,523,925	3,001,535	-	**514,147,517**	**1,175,528,654**
Lease liabilities	329,889	974,127	**1,304,016**	927,488	2,386,379	2,987,954	-	**6,301,821**	**7,605,837**
Post employment benefit obligations	38,104	481,556	**519,660**	37,867	102,346	96,456	-	**236,669**	**756,329**
Deferred tax liabilities	-	-	**-**	-	-	-	-	**-**	**-**
Derivative financial instruments		588,191	**588,191**	-	-	-	-	**-**	**588,191**
Other liabilities	12,845,448	13,548,525	**26,393,973**	765,877	274,166	49,475	-	**1,089,518**	**27,483,491**
Total liabilities	**143,816,614**	**546,370,363**	**690,186,977**	**269,353,289**	**246,286,816**	**6,135,420**	**-**	**521,775,525**	**1,211,962,502**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**381,205,347**	**381,205,347**	**381,205,347**
Total equity and liabilities	**143,816,614**	**546,370,363**	**690,186,977**	**269,353,289**	**246,286,816**	**6,135,420**	**381,205,347**	**902,980,872**	**1,593,167,849**
Gap per bucket	**60,526,989**	**197,687,272**	**258,214,261**	**268,315,332**	**-162,416,057**	**8,678,166**	**-372,791,702**	**-258,214,261**	-
Cumulative Gap	60,526,989	258,214,261	258,214,261	526,529,593	364,113,536	372,791,702	-	-	-
Cumulative Gap %age	42%	37%	37%	55%	30%	31%	-	-	-

6. Interest and similar income

	2020/2021			2019/2020		
			EUR			EUR
	India	Netherlands	Total	India	Netherlands	Total
Interest on loans to customers	261,446,776	-	261,446,776	206,479,109	-	206,479,109
Interest on cash and cash-equivalents	2,957,534	1,003	2,958,537	803,994	-	803,994
Interest on loans to CreditAccess SEA Group	-	1,799,694	1,799,694	-	2,312,615	2,312,615
Total	**264,404,310**	**1,800,697**	**266,205,007**	**207,283,103**	**2,312,615**	**209,595,718**

Interest and similar income contains interest income on loan to customers, on investments, bank and saving accounts, loan processing and loan administration fees. The interest and similar income is calculated on the effective interest rate basis.

This section does not include the interest and similar income from off-balance sheet portfolio.

7. Interest and similar expenses

	2020/2021	2019/2020
	EUR	EUR
Interest on external borrowing	107,543,424	73,910,110
Negative Interest on credit balance with banks	302,966	261,159
Interest on Right of Use Assets	760,645	723,747
Amortization of hedging forward points	1,077,128	1,286,711
Other fees and expenses	415,412	319,162
Total	**110,099,575**	**76,500,889**

Interest and similar expenses consist of interest and other expense (e.g. disbursement fees, upfront fees, admin fees, monitoring fees, commitment fees etc) that an entity incurs in connection with the borrowing of funds (e.g. loan, overdraft, securitization not allowed for derecognition).

Interest expenses are calculated on the effective interest rate basis.

8. Other income

	2020/2021	2019/2020
	EUR	EUR
Gain on derecognition of loans to customers	1,118,181	5,777,266
Gain on short term investments	15,342,919	1,904,741
Miscellaneous proceeds	2,047,001	972,332
Total	**18,508,101**	**8,654,339**

Gain on derecognition of loans to customers refers to direct assignment transactions whereby the originator transfer the loans to customers to third parties, derecognizing them from the balance sheet and recognizing upfront a gain on such sale (refer to note 3.4.7 ‘Transfer of financial assets’).

Gain on short term investments relate to the capital gain on the investment in short term liquid funds

Miscellaneous proceeds relates mainly to proceeds from the distribution of third party services, technical assistance and grants received.

9. Credit loss expense

	2020/2021 EUR	2019/2020 EUR
Impairment expense on group loans to customers (principal and interest)	81,738,198	28,768,383
Impairment expense on Individual retail finance loans to customers (principal and interest)	7,322,027	1,341,706
Recoveries of written-off loans to customers (principal and interest)	-1,814,987	-682,119
Other credit loss expenses	80,424	-
Total	**87,325,662**	**29,427,970**

Increase in credit loss expense in current financial year pertains mainly to COVID spread in India. Virus infection abated gradually during the second half and subsequently resulted in improving portfolio quality trend. However, the Group currently is witnessing a sudden spurt (Wave-2) in COVID infections which has the potential to impact portfolio quality over the next 1-2 quarters. Management, therefore, has estimated EUR 13 mln as an overlay to the Expected Credit Loss amount as at 31 March 2021.

Recoveries of written-off loans mostly refers to group loans, while recoveries from Individual retail finance loans are negligible.

10. Personnel expenses

	2020/2021 EUR	2019/2020 EUR
Wages and salaries	40,720,224	31,028,916
Social security costs	102,040	102,764
Share-based payment expenses (see note 30)	656,842	678,787
Pension costs – defined contribution plans	3,239,522	1,836,569
Pension costs – defined benefit plans (see note 29)	725,905	538,830
Other post-employment benefits	-	476,645
Other staff costs	402,076	448,361
Total	**45,846,609**	**35,110,872**

Key management personnel compensation: key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of CreditAccess India NV. Compensation of key management personnel is disclosed under Related Parties (note 31).

The average number of employees Full Time Equivalent (FTE) based on their function:

	2020/2021 FTE	2019/2020 FTE
Field staff	12,764	12,150
Back office staff	1,385	2,356
Total	**14,149**	**14,506**

The average number of employees Full Time Equivalen (FTE) based on their geographical location:

	2020/2021 FTE	2019/2020 FTE
Netherlands	10	10
India	14,139	14,496
Total	**14,149**	**14,506**

Note: FTE for 2019/2020 included the full year FTE number of MMFL.

11. Expenses by nature

	2020/2021	2019/2020
	EUR	EUR
Amortisation intangible assets (note 13)	2,438,514	516,968
Depreciation tangible assets (note 14)	1,253,464	1,139,283
Depreciation right of use assets (note 14.a)	1,503,076	1,035,413
Others	1,709	-504
Sub total	5,196,763	2,691,160
Travel and lodging	5,781,437	6,164,608
Rental (for the use of tangible assets, exempted from IFRS16)	2,226,072	1,640,731
Communication and IT	1,562,294	1,270,488
Office expenses	752,362	840,769
Taxes (other than Corporate Income Tax) and licenses	1,031,121	622,284
Staff training and benefits expenses	236,945	931,737
Repairs and maintenance	1,387,103	915,725
Other professional fees	1,769,838	3,522,306
Utilities	402,816	360,118
Donations	1,123,530	824,220
Directors fees	554,838	371,481
Bank charges	686,548	484,880
Audit and accounting	419,786	295,473
Legal fees	1,936,967	115,254
Insurances for risks of the Group	263,301	161,660
Marketing and advertising	1,286	7,271
Expenses recharged to companies demerged in FY19/20	-102,601	-18,614
Other operating expenses	660,432	1299412
Sub total	20,694,075	19,809,803
Total	**25,890,838**	**22,500,963**

Taxes (other than income tax) and licenses mainly consist of non-recoverable Indian Goods and Service Tax, local stamp-duties and similar fees.

Other professional fee has decreased with approximately EUR 2 mln in relation with the acquisition of MMFL by CA Grameen last year.

Auditor's fees

The fees listed below relate to all services provided by Ernst & Young Accountants LLP (the Netherlands) and EY member firms to CreditAccess India Group worldwide. Ernst & Young Accountants LLP is the external auditor of CreditAccess India N.V., as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act ('Wet toezicht accountantsorganisaties' or 'Wta').

	2020/2021	2019/2020
	EUR	EUR
Audit annual accounts	192,517	193,299
Other audit assignments	-	23,515
Other non-audit services	32,875	-
Total	**225,392**	**216,814**

12. Tax expense

	2020/2021 EUR	2019/2020 EUR
(i) Tax expense and share of tax of equity accounted associates and joint ventures		
Current tax expense/(income)		
Current tax on profits for the period	12,289,169	20,363,691
Adjustment for under/(over) provision of prior periods	-	432,706
Total current tax	**12,289,169**	**20,796,397**
Deferred tax expense/(income)		
Origination and reversal of temporary differences (note 24)	-6,632,629	-4,360,997
Recognition of previously unrecognized deferred tax assets	-	-
Total deferred tax	**-6,632,629**	**-4,360,997**
Total	**5,656,540**	**16,435,400**

The reasons for the difference between the actual current tax expense charged for the period and the tax expense resulting from applying the standard corporate tax rate to the profits for the period are as follows:

	2020/2021 EUR	2019/2020 EUR
Result before taxation	**15,694,596**	**54,315,709**
Tax using the Company's domestic tax rate of 25% (2019/2020: 25%)	3,923,649	13,578,927
Difference in tax rates foreign jurisdictions	38,665	98,969
DTA not recognized (because of uncertainty of compensation)	1,172,090	975,946
Adjustment in respect to prior years	-	432,706
Change in tax-rate (India)	-	1,078,001
Other expenses not deductible/(income not taxable)	522,136	270,851
Total tax expense	**5,656,540**	**16,435,400**

	2020/2021	2019/2020
Effective tax rate	**36.0%**	**30.3%**

The effective tax rate has increased due to the fact that subsidiary has profits and holding company has losses that are not deferred, resulting in a lower consolidated tax base and hence the higher effective tax rate.

Estimates and assumptions

The Group companies are subject to income tax in the jurisdictions where they run business and judgements are required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the management's belief that the tax return positions are supportable, it also acknowledges that certain positions may be challenged and may not be fully sustained upon review by tax authorities.

The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessments on deferred tax relies on estimates and assumptions on future results based on the business plan of the Group. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Unrecognized DTA

Deferred tax assets are not recognized in respect of tax losses and other temporary differences for which management believes it is not probable that these assets will be recovered.

Total unused tax losses for which no deferred tax assets has been recognized amounts to EUR 25.5 mln (31 March 2020; EUR 23.1 mln). Further details are provided in note 24.

Tax on each component of other comprehensive income is as follows:

	2020/2021			2019/2020		
	Before tax EUR	Tax EUR	After tax EUR	Before tax EUR	Tax EUR	After tax EUR
Cash flow hedges:						
(i) Gains/(losses) recognized on hedging instruments	-311,338	-	-311,338	461,078	-	461,078
(ii) Transferred to profit or loss for the year	-	-	-	-	-	-
(iii) Transferred to initial carrying amount of hedged items	-	-	-	-	-	-
Exchange (losses)/gains on the translation of foreign Operations	-6,593,815	-	-6,593,815	-14,749,404	-	-14,749,404
Share of associates' other comprehensive income	-	-	-	-	-	-
	-6,905,153	**-**	**-6,905,153**	**-14,288,326**	**-**	**-14,288,326**

13. Intangible assets

	Client base and trademark EUR	Goodwill EUR	Software EUR	Intangible assets under development EUR	Total EUR
(i) Cost					
31 March 2019	4,799,342	16,053,512	2,151,431	303,404	23,307,689
Impact of the Demerger	-	-7,111,144	-333,147	-	-7,444,291
IFRS 16 addition	-	-	-	-	-
Additions;					
externally acquired	20,662,437	40,301,812	992,704	60,968	62,017,921
internally developed	-	-	-	-	-
Disposals	-	-	-736	-	-736
Foreign exchange rate movements	-1,321,560	-2,551,522	-162,623	-21,973	-4,057,678
Reclassifications	-	-	-	-	-
31 March 2020	**24,140,219**	**46,692,658**	**2,647,629**	**342,399**	**73,822,905**
Additions;					
externally acquired	-	-	1,141,946	96,031	1,237,978
internally developed	-	-	-	-	-
Disposals	-	-	-29,184	-	-29,184
Foreign exchange rate movements	-819,743	-1,585,568	-76,265	-14,006	-2,495,582
Reclassifications	-	-	351,821	-351,821	-
31 March 2021	**23,320,476**	**45,107,090**	**4,035,948**	**72,604**	**72,536,118**
(ii) Accumulated amortisation and impairment					
31 March 2019	4,799,342	-	1,207,546	-	6,006,888
Impact of the Demerger	-	-	-162,567	-	-162,567
Amortisation charge	73,592	-	443,376	-	516,968
Impairment Losses	-	-	-	-	-
Disposals	-	-	-736	-	-736
Foreign exchange	-303,530	-	-93,426	-	-396,956
31 March 2020	**4,569,404**	**-**	**1,394,193**	**-**	**5,963,597**
Amortisation charge	1,890,201	-	548,313	-	2,438,514
Impairment losses	-	-	-	-	-
Disposals	-	-	-29,184	-	-29,184
Foreign exchange movements	-137,588	-	63,134	-	-74,454
31 March 2021	**6,322,016**	**-**	**1,976,456**	**-**	**8,298,473**
(iii) Net book value					
31 March 2020	19,570,815	46,692,658	1,253,436	342,399	67,859,308
31 March 2021	**16,998,460**	**45,107,090**	**2,059,491**	**72,604**	**64,237,645**

The client base and trademark originates from the purchase price allocation on acquiring the controlling interest in CA Grameen in March 2014 and in MMFL in March 2020. It is amortized on a straight line basis over the useful economic life of 5 years. Goodwill is further disclosed in note 15.

Intangible assets under development relates mainly to the core banking IT System (Temenos T24) at CA-Grameen.

14. Tangible fixed assets

	Land and buildings	Leasehold improvements	Office Equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
(i) Cost or valuation							
31 March 2019	-	2,301,404	2,602,013	1,404,320	2,304,816	1,266,515	9,879,068
Impact of the Demerger	-	-1,376,873	-1,033,770	-590,745	-1,229,077	-1,186,575	-5,417,040
IFRS 16 addition	2,133,576	-	-	-	4,237,046	-	6,370,622
Additions	1,194,890	316,790	734,180	677,139	1,569,261	323	4,492,583
Disposals	-	-	-51,197	-9,512	-20,157	-	-80,866
Reclassifications	-	-	494,350	-	-494,350	-	-
Fair value gain (loss) recognized in OCI	-	-	-	-	-	-	-
Foreign exchange movements	-154,422	-70,304	-130,722	-83,848	-351,195	-5,011	-795,502
31 March 2020	**3,174,044**	**1,171,017**	**2,614,854**	**1,397,354**	**6,016,344**	**75,252**	**14,448,865**
Additions	36,947	19,242	135,056	17,706	3,124,699	825	3,334,475
Disposals	-13,003	-18,697	-72,495	-28,810	-66,288	-	-199,293
Reclassifications	-	-	-	-	-	-	-
Fair value gain (loss) recognized in OCI	-	-	-	-	-	-	-
Foreign exchange movements	-8,563	-38,059	-15,784	182,104	249,007	-2,396	366,309
31 March 2021	**3,189,425**	**1,133,503**	**2,661,631**	**1,568,354**	**9,323,762**	**73,681**	**17,950,356**
(ii) Accumulated depreciation and impairment							
31 March 2019	-	1,220,639	1,045,470	941,502	1,330,191	743,043	5,280,845
Impact of the Demerger	-	-886,667	-687,762	-373,698	-630,529	-701,906	-3,280,562
Depreciation	572,060	201,311	405,234	249,805	736,343	9,943	2,174,696
Impairment losses	-	-	-	-	-	-	-
Re-classifications	-	-	-	-	-	-	-
Disposals	-	-	-39,024	-6,972	-18,913	-	-64,909
Foreign exchange movements	-24,008	-28,728	-39,792	-47,487	-77,981	-3,062	-221,058
31 March 2020	**548,052**	**506,555**	**684,126**	**763,150**	**1,339,111**	**48,018**	**3,889,012**
Depreciation	581,659	183,944	429,898	83,430	1,469,018	8,591	2,756,540
Impairment losses	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Disposals	8,669	-18,697	-54,075	-25,108	-34,555	-	-123,766
Foreign exchange movements	79,702	-6,733	32,703	203,337	392,973	-1,399	700,583
31 March 2021	**1,218,082**	**665,069**	**1,092,652**	**1,024,809**	**3,166,547**	**55,210**	**7,222,369**
(iii) Net book value							
31 March 2020	2,625,992	664,462	1,930,728	634,204	4,677,233	27,234	10,559,853
31 March 2021	**1,971,343**	**468,434**	**1,568,979**	**543,545**	**6,157,215**	**18,471**	**10,727,987**

14.a. Leases (IFRS 16)

Movement schedule of carrying amounts

	Buildings EUR	Computer equipment EUR	Total EUR
Right of use assets			
31 March 2020	2,580,293	4,124,495	6,704,788
Movements during the period			
Additions	36,947	2,871,502	2,908,449
Disposals	-21,064	-	-21,064
Depreciation	-585,376	-912,449	-1,497,825
Foreign exchange movements	-83,434	-113,355	-196,789
31 March 2021	**1,927,366**	**5,970,193**	**7,897,559**
Lease liability			
31 March 2020	-2,774,847	-4,830,989	-7,605,836
Movements during the period			
Additions	-36,947	-2,871,502	-2,908,449
Accretion of interest	-287,365	-473,280	-760,645
Payments (reducing the lease-liability	807,529	1,398,175	2,205,704
Foreign exchange movements	93,205	145,947	239,152
31 March 2021	**-2,198,425**	**-6,631,649**	**-8,830,074**
General lease term	11 months -10 years	10 years	
Expenses relating to short-term leases and low value assets			2,226,072

Movement schedule of carrying amounts

	Buildings EUR	Computer equipment EUR	Total EUR
Right of use assets			
31 March 2019	2,377,804	4,295,979	6,673,783
Movements during the period			
Additions	932,372	565,997	1,498,369
Disposals	-	-	-
Depreciation	-548,038	-441,058	-989,096
Foreign exchange movements	-181,845	-296,423	-478,268
31 March 2020	**2,580,293**	**4,124,495**	**6,704,788**
Lease liability			
31 March 2019	-2,412,915	-4,303,209	-6,716,123
Movements during the period			
Additions	-932,372	-565,997	-1,498,369
Accretion of interest	-259,501	-464,244	-723,745
Payments (reducing the lease-liability	649,728	184,366	834,094
Foreign exchange movements	180,213	318,094	498,307
31 March 2020	**-2,774,847**	**-4,830,989**	**-7,605,836**
General lease term	5 -10 years	10 years	
Expenses relating to short-term leases and low value assets			1,640,726

15. Goodwill and impairment

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	Goodwill carrying amount 2020/2021 EUR	Goodwill carrying amount 2019/2020 EUR
CreditAccess Grameen Limited		
- Opening balance	8,383,598	8,942,368
- Foreign exchange movements	-284,686	-558,770
- Impairment	-	-
Sub-total	8,098,912	8,383,598
Madura Microfinance Limited		
- Opening balance	38,309,060	38,309,060
- Foreign exchange movements	-1,300,882	-
- Impairment	-	-
Sub-total	37,008,178	38,309,060
Total	**45,107,090**	**46,692,658**

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment.

For CA Grameen, after the IPO was executed in August 2018, the traded stock price was used to compute the Fair Value. The management has measured sufficient head room for CGU and hence resulted in no impairment. Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts of CA Grameen are based would not cause the carrying amount of the same to exceed the estimated recoverable amount of the CGU.

For MMFL, the acquisition was completed and paid in March 2020. At 31 March 2021, the Group has computed the Fair Value of MMFL based on the Comparable Companies' Multiple method, which is furthermore corroborated by the Value in Use approach. Based on the analysis, the fair value of MMFL is higher than the carrying value of MMFL as at 31 March 2021. Hence, it can be concluded that there is no impairment of goodwill at 31 March 2021.

16. Non-controlling Interests (NCI)

CreditAccess Grameen Limited

As per 31 March 2021 the Company holds 73.99% of CA Grameen or 115,109,028 shares (31 March 2020; 79.94% / 115,109,028 shares). The decrease in shareholding is mainly due to the sale of shares during the Qualified Institutional Placement in October 2020.

Furthermore, CA Grameen holds 76.25% of MMFL (31 March 2020; 76.08%). The remaining 23.75% is not controlled by CreditAccess India Group hence it contributes to the overall NCI in the consolidated financial statements.

Highlights of financial information of CA Grameen consolidated is provided below:

Statement of comprehensive income	2020/2021 EUR	2019/2020 EUR
Interest and similar income	264,404,310	207,283,102
Interest and similar expenses	-107,423,728	-73,597,375
Net interest income	**156,980,582**	**133,685,727**
Credit loss expenses	-87,245,238	-29,427,970
Total operating expenses	-67,416,846	-54,146,802
Net result after taxation	**15,170,058**	**42,575,069**
Attributable to:		
Controlling Interest	12,102,271	33,839,670
Non-controlling Interest	3,067,787	8,735,399
Total comprehensive income		
Attributable to:		
Controlling interest	15,400,716	31,065,031
Non-controlling interest	4,046,521	8,038,687
Statement of cash flows		
Cash flows from operating activities	-52,496,510	-283,891,588
Cash flows from investing activities	2,739,959	-75,800,899
Cash flows from financing activities	247,816,098	368,713,908
Net cash inflows/(outflows)	**198,059,547**	**9,021,421**

Financial position	31 March 2021 EUR	31 March 2020 EUR
Assets	1,754,889,562	1,518,666,172
Liabilities	1,312,494,263	1,175,698,539
Equity: Controlling interest	430,179,546	329,825,519
Non-controlling interest (MMFL in CA-GR)	12,215,753	13,142,113
Total equity and liabilities	1,754,889,562	1,518,666,171
Total non-controlling interests	**124,105,453**	**79,288,958**

The total non-controlling interest at year-end consists of the following:	31 March 2021 EUR	31 March 2020 EUR
CreditAccess Grameen Limited (consolidated with Madura)	124,105,453	79,288,958
Total	**124,105,453**	**79,288,958**

There may be some immaterial presentational difference between EU IFRS and Ind-AS numbers.

17. Loans to customers

	31 March 2021 EUR	31 March 2020 EUR
Gross amount		
Group loans	1,389,457,582	1,315,457,258
Individual loans	48,916,962	61,075,589
	1,438,374,544	**1,376,532,847**
Impairment allowance		
Group loans	-66,600,799	-35,907,720
Individual loans	-5,957,180	-1,774,002
	-72,557,979	**-37,681,723**
Loans to customers - Net	**1,365,816,565**	**1,338,851,124**

	31 March 2021 EUR	31 March 2020 EUR
Loans to customers - Gross	1,438,374,544	1,376,532,847
Less: Impairment allowance	-72,557,979	-37,681,723
Loans to customers - Net	**1,365,816,565**	**1,338,851,124**

31 March 2021	**CreditAccess Grameen**		**Total**
	FVTOCI EUR	**Amortized Cost EUR**	**Total EUR**
Loans to customers - Gross	1,082,303,653	356,070,891	1,438,374,544
Impairment on loans to customers	-44,520,015	-28,037,964	-72,557,979
Loans to customers - Net	**1,037,783,638**	**328,032,927**	**1,365,816,565**

31 March 2020	**CreditAccess Grameen**		**Consolidated**
	FVTOCI EUR	**Amortized Cost EUR**	**Total EUR**
Loans to customers - Gross	963,680,007	412,852,840	1,376,532,847
Impairment on loans to customers	-26,994,418	-10,687,305	-37,681,723
Loans to customers - Net	**936,685,589**	**402,165,535**	**1,338,851,124**

Discounted cashflow method was used for the fair valuation of loans to customer falling in hold to collect and sell category (referred in note 3.4.6.1 i.e. FVTOCI) and the discount rate used is the prevailing lending rate of CA Grameen. The fair value of FVTOCI was similar to amortized cost at the start of the year and hence no gain/(loss) on remeasurement, required under IFRS 9, was recognized in opening balance for FVTOCI. The carrying value of the current and non-current portion of loans to customers presented at amortized cost approximates the fair value.

For loans to customers, an analysis of changes in gross carrying amounts and related ECL allowance is as below:

Amount in EUR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - 1 April 2020	**1,347,675,399**	**7,894,024**	**20,963,424**	**1,376,532,847**
New assets originated/acquired	1,126,460,063	5,873	-1,122	1,126,464,814
Assets repaid or derecognized (excluding write offs)	-910,135,341	-39,900,034	-17,758,625	-967,794,001
Transfers to Stage 1 from other stages	12,041,881	-10,706,473	-1,335,408	-
Transfers to Stage 2 from other stages	-182,535,349	183,033,748	-498,399	-
Transfers to Stage 3 from other stages	-75,846,419	-73,821,645	149,668,064	-
Accrued interest	678,945	420,944	1,048,471	2,148,360
Amounts written off	-	-	-53,234,245	-53,234,245
Foreign exchange adjustments	-46,036,643	280,919	12,492	-45,743,232
Gross carrying amount - 31 March 2021	**1,272,302,537**	**67,207,356**	**98,864,651**	**1,438,374,544**
ECL allowance - 1 April 2020	**19,774,841**	**2,465,386**	**15,441,496**	**37,681,723**
New assets originated	8,047,378	153	-615	8,046,915
Assets repaid or derecognized (excluding write offs)	-6,161,031	-13,076,261	-12,616,556	-31,853,848
Transfers to Stage 1 from other stages	3,226,937	-2,320,456	-906,481	-
Transfers to Stage 2 from other stages	-4,177,103	4,516,200	-339,097	-
Transfers to Stage 3 from other stages	-2,198,717	-16,352,995	18,551,712	-
Impact on ECL of exposures transferred between stages during the year	-74,479	33,447,619	78,676,731	112,049,871
Accrued interest	10,655	96,872	706,489	814,016
Amounts written off	-	-	-53,234,245	-53,234,245
Foreign exchange adjustments	-683,860	-25,036	-237,558	-946,454
ECL allowance - 31 March 2021	**17,764,621**	**8,751,480**	**46,041,878**	**72,557,979**
Net carrying amount as at 31 March 2021	**1,254,537,915**	**58,455,875**	**52,822,774**	**1,365,816,565**
Gross carrying amount as at 1 April 2019	**929,144,425**	**3,648,810**	**7,665,338**	**940,458,576**
Impact of the Demerger	-76,962,773	-662,723	-3,087,838	-80,713,336
New assets originated/acquired	591,902,458	4,388,713	4,299,253	600,590,424
Assets repaid or derecognized (excluding write offs)	-	-15,378	-589	-15,967
Transfers to Stage 1 from other stages	100,943	-98,659	-2,285	-
Transfers to Stage 2 from other stages	-2,010,283	2,010,925	-642	-
Transfers to Stage 3 from other stages	-18,662,177	-1,025,171	19,687,348	-
Accrued interest	5,956,331	99,100	-73,716	5,981,715
Amounts written off	-	-	-6,370,181	-6,370,181
Foreign exchange adjustments	-81,793,526	-451,593	-1,153,266	-83,398,385
Gross carrying amount - 31 March 2020	**1,347,675,399**	**7,894,024**	**20,963,424**	**1,376,532,847**
ECL allowance as at 1 April 2019	**6,260,580**	**887,373**	**5,177,182**	**12,325,136**
Impact of the Demerger	-526,972	-339,157	-1,296,790	-2,162,920
New assets originated	4,769,217	774,436	2,913,645	8,457,297
Assets repaid or derecognized (excluding write offs)	-	-8,156	-11,183	-19,339
Transfers to Stage 1 from other stages	22,177	-20,500	-1,676	-
Transfers to Stage 2 from other stages	-11,493	12,065	-572	-
Transfers to Stage 3 from other stages	-123,492	-387,813	511,305	-
Impact on ECL of exposures transferred between stages during the year	10,458,450	1,635,915	15,634,393	27,728,758
Accrued interest	33,673	46,988	-258,162	-177,501
Amounts written off	-	-	-6,370,181	-6,370,181
Foreign exchange adjustments	-1,107,298	-135,764	-856,464	-2,099,527
ECL allowance - 31 March 2020	**19,774,841**	**2,465,386**	**15,441,496**	**37,681,723**
Net carrying amount as at 31 March 2020	**1,327,900,557**	**5,428,638**	**5,521,928**	**1,338,851,124**

Total Portfolio (On and Off Balance Sheet)	31 March 2021 EUR	31 March 2020 EUR
On balance sheet – loans to customers – Net	1,365,816,565	1,338,851,124
Off balance sheet – loans to customers – Net	149,407,946	69,007,517
Total	**1,515,224,511**	**1,407,858,641**

The off balance sheet - loans to customers represent the loans to customers derecognized because these are sold to third parties. After the sale, the Group continues to provide collection services on the off balance sheet loans to customers.

18. Derivative financial instruments

	31 March 2021 EUR	31 March 2020 EUR
Derivative financial assets		
Non deliverable forward contracts	-	268,790
Derivative financial liabilities		
Non deliverable forward contracts	-161,520	-588,191
Total	**-161,520**	**-319,401**

Foreign exchange risk arises when a Group's company enters into transactions denominated in a currency other than its functional currency. Where the risk is considered to be significant, the treasury will enter into a matching hedging contract with a primary financial institution according to the prevailing foreign exchange risk policy.

The Company has entered into hedging derivative financial instruments to hedge its exposure to foreign currency exchange rate fluctuations deriving from loans in foreign currencies amounting to EUR 4.7 mln (31 March 2020: EUR 16.8 mln)

It relates to 2 forward contracts as follows:	EUR
PHP 162.5 million notional amount, with a total fair-value of	-3,747
IDR 31,900.5 million notional amount, with a total fair value of	-157,773
Total	**-161,520**

Settlement dates of the forward contracts are in July 2021.

The hedge effectiveness of the derivative financial instrument entered by the Group is 100%, i.e. gains or losses due to foreign exchange movements on the derivative financial instruments would equal the losses or gains, respectively, on the underlying instrument , bringing the overall net effect to zero.

The Group hence applies hedge accounting and the impact on equity is as follows:

	Cash flow hedge reserve		Cost of hedging reserve	
	2020/2021 EUR	2019/2020 EUR	2020/2021 EUR	2019/2020 EUR
Opening balance	**191,614**	**-132,973**	**33,268**	**-103,221**
Hedging contracts settled during the period	-191,614	132,973	-33,268	103,221
New hedging contracts entered	332,740	191,614	-419,196	33,268
	141,126	324,587	-452,464	136,489
Closing balance	**332,740**	**191,614**	**-419,196**	**33,268**

19. Other assets

	31 March 2021 EUR	31 March 2020 EUR
Security deposits (cash collateral for rent of offices and branches)	1,367,358	1,412,109
Net interest receivable	805,510	98,586
Collateral against borrowing	13,678,611	8,702,664
Collateral for hedging transactions	841,674	2,372,000
Tax and social security	4,136,946	3,306,135
Staff loans and advances	952,406	801,660
Prepayments	716,585	800,981
Advances	661,760	297,328
Accounts receivable	166,889	166,409
Others	12,890,881	4,564,440
Total	**36,218,620**	**22,522,312**

The carrying value of the receivables approximates the fair value.

The increase in Others is on account of income on assignment deals which is yet to be received, at CA Grameen.

Financial assets included in this section Other Assets do not contain any impaired assets.

20. Transfers of financial assets

This note refers to the transferred financial assets that remain fully recognized in the financial statements of the Group and are included in loans to customers.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

Securitizations	31 March 2021 EUR	31 March 2020 EUR
Carrying amount of transferred assets measured at amortized cost	1,852,162	11,838,839
Carrying amount of associated liabilities (Debt securities - measured at amortized cost)	1,066,491	9,767,632
Net position	**785,672**	**2,071,207**

21. Other liabilities

	31 March 2021 EUR	31 March 2020 EUR
Trade payables	8,242,659	4,818,563
Accrued interest (excluding Finance-debt at EIR)	85,790	68,634
Employee liabilities (see note 23)	5,572,100	5,149,116
Insurances	896,648	483,422
Donations	847,854	598,175
Accrued expenses	863,607	183,301
Tax and social security	1,502,551	1,338,726
Other liabilities	11,564,787	6,327,070
Total	**29,575,996**	**18,967,007**

The carrying values of all above liabilities approximate the fair values.

Insurances relate to life insurance claims and premiums originated by insurance products distributed by CA Grameen to its customers.

The increase in Other liabilities is mostly on account of the collection amount payable to investors into assignment transactions originate by CA Grameen.

22. Finance debt

The Finance debt consist of:	31 March 2021 EUR	31 March 2020 EUR
Interest-bearing loans and borrowings		
Principal amounts (EIR adjusted)	1,297,056,008	1,175,528,654
Payable contractual interest	11,281,650	8,516,484
	1,308,337,658	1,184,045,138
Lease liabilities	8,830,075	7,605,837
Total	**1,317,167,733**	**1,191,650,975**

The book value of the finance debt approximates the fair value, because there are no sharp changes to the interest rate environment and to the credit-risk of Group companies from the date of securing the finance debt and the closing date.

The currency profile of the Group's borrowings (Principal amounts) is as follows:	31 March 2021 EUR	31 March 2020 EUR
EUR	32,998,224	32,998,224
INR	1,264,057,784	1,142,530,430
Total	**1,297,056,008**	**1,175,528,654**

Loan covenants

All loans given to Group entities contain operational, financial and legal covenants. A breach of one or more covenants by the borrower may empower the lender to request an acceleration of the repayment of the outstanding amount of principal and interests. During FY20/21 the Group has substantially respected almost all the covenants, and in exceptional cases formally communicated to the respective lending institutions well on time for obtaining interim waiver. As per 31 March 2021, as a precautionary measure the group has taken accelerated write-offs ahead of the impact of the second wave COVID-19 pandemic. This has resulted that the write-off ratio temporarily exceeds the required covenant. This has been timely communicated to the lender and the process of obtaining the waiver is well underway.

Further, the Reserve Bank of India, through circulars dated 27 March 2020 and 23 May 2020 allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 August 2020. CA Grameen and MMFL have extended moratorium to its borrowers in accordance with policies approved by the respective Board of Directors, while on the liability side have sought benefit of the same moratorium and various other liquidity support packages issued by the Government of India. CA Grameen and MMFL have witnessed an strong level of support from the lenders through covenant waivers, new loans and moratorium all of which contributed to improve the liquidity position of such companies over time.

Pledged assets

The Group (mainly CA Grameen) has placed deposits as collateral for borrowings. Reference is made to note 19 for the related amounts. The terms and conditions stipulate that these securities shall be held by the lender on account of borrower for the repayment of the said loan and/or any other amount payable by the borrower to the lender, while the lender is authorized to withdraw/utilize/appropriate the proceeds, interest due thereon or of any other fixed-/short-term deposit opened in renewal/reinvestment thereof whether before or after due date thereof towards repayment of loan or any other amount without reference to the borrower.

The terms and conditions stipulate the borrower to authorize and irrevocably appoint the lender and/or its officer as its attorney to do whatever the borrower may be required to do in the exercise of all or any of the powers conferred on the lender including to recover, receive, collect, demand, sue for any of book debts, money receivables, money outstanding, claims, bills, supply bills of the borrower while the borrower shall bear the expenses that may be incurred in this regard. The lender or any person or persons appointed or nominated by it shall have the right at all times with or without notice to the borrower and if so required as attorney for and in the name of the borrower to enter in all premises, where the hypothecated assets including the premises where the books of accounts or other records documents etc. relating to the hypothecated assets are lying or left and to inspect value and take particulars of the same and/or to take abstracts from such books of account etc and the borrower shall produce all such records, books, vouchers, evidences and other information as the bank or the person(s) appointed or nominated as aforesaid by the lender may require.

Un-drawn borrowings

The Group has un-drawn borrowing facilities available at financial year end, for which all conditions have been met, as follows:

31 March 2021	Floating rate EUR	Fixed rate EUR	Total EUR
Expiry within 1 year	2,330,649	4,661,298	6,991,948
Expiry within 1 and 2 years	82,271,917	-	82,271,917
Expiry in more than 2 years	43,699,673	-	43,699,673
Total	**128,302,239**	**4,661,298**	**132,963,537**

31 March 2020	Floating rate EUR	Fixed rate EUR	Total EUR
Expiry within 1 year	-	-	-
Expiry within 1 and 2 years	39,807,477	-	39,807,477
Expiry in more than 2 years	1,206,287	-	1,206,287
Total	**41,013,764**	**-**	**41,013,764**

23. Employee benefit liabilities

Liabilities for employee benefits comprise:	31 March 2021 EUR	31 March 2020 EUR
Accrual for annual leave	2,143,073	1,758,980
Other employee payables (salaries, bonus etc.)	3,429,027	3,390,136
Total	**5,572,100**	**5,149,116**
Categorised as:		
Current	5,572,100	5,149,116
Non-current	-	-
Total	**5,572,100**	**5,149,116**

24. Deferred tax

The movement on the deferred tax positions is as shown below:

	Asset 2020/2021 EUR	Liabilities 2020/2021 EUR	Asset 2019/2020 EUR	Liabilities 2019/2020 EUR
Opening balance	**6,928,824**	**-**	**5,550,214**	**-**
Recognized in profit or loss account				
Tax benefit	-	-	-	-
Amortization of Intangibles	4,714,855	-	-	-
Others	-325,752	-	-	-
Other reconciling items				
Foreign currency translation	-185,194	-	-436,560	-
Impact of difference between tax depreciation and depreciation/amortization charged to profit or loss account	85,170	-	84,250	-
Impact of disallowance of leave encashment	40,713	-	51,870	-
Impact of allowance against other assets	-	-	-194,739	-
Impact of allowance against standard and non-performing loans to customers	-5,050,666	-	4,224,071	-
Impact of conversion from Indian GAAP to IFRS	7,169,859	-	194,271	-
Tax charge (credit) relating to components of other comprehensive income	-1,247,506	-	946,672	-
Acquisition and merger	-	-	-3,203,863	-
Others	-	-	-287,362	-
Closing Balance	**12,130,303**	**-**	**6,928,824**	**-**

Deferred tax is calculated in full on temporary differences under the liability method using the local tax rates (India: 25.17%, Netherlands: 25%,).

Deferred tax assets/(liabilities) are recognized in respect of tax losses/(profits) and other temporary differences giving rise to deferred tax assets/(liabilities) where management believes it is probable that these assets/(liabilities) will be recovered/(paid).

A deferred tax asset has not been recognized for the following:	31 March 2021 EUR	31 March 2020 EUR
Unused tax losses	25,500,638	23,158,715
	25,500,638	**23,158,715**

CreditAccess India N.V. does not expect sufficient profits to be used to compensate for these tax losses, therefore no Deferred Tax Asset has been recognized.

The unused tax losses expire as follows:

Country	Amount	Expiry
Netherlands	25.5 mln	between 2024 and 2027

Details of deferred tax assets and liabilities (after offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

	Asset	Liability	Net	(charged)/ credited to profit or loss	(charged)/ credited to equity
	31 March 2021	31 March 2021	31 March 2021	2020/2021	2020/2021
	EUR	EUR	EUR	EUR	EUR
Tax losses carried forward	-	-	-	-	-
Temporary difference on property and equipment	419,586	-	419,586	85,170	-
Employee retirement benefit liabilities	526,978	-	526,978	40,713	-
Other liabilities and provisions	-	-	-	-	-
Other temporary and deductible differences	98,497	-	98,497	-325,752	-
Impact of conversion from Indian GAAP to IFRS	7,588,889	-	7,588,889	7,168,309	-
Intangible assets	-	-	-	4,714,855	-
Impairment of financial instruments and impact of 35D expenditures (India)	3,496,353	-	3,496,353	-5,050,666	-
Impact of expenditure charged to income-statement in current year, but allowed for tax purpose on payment basis	-	-	-	-	-
Tax relating to components of OCI	-	-	-	-	-
Tax asset/(liabilities)	12,130,303	-	12,130,303	6,632,629	-
Effects of offsetting	-	-	-	-	-
Net tax assets/(liabilities)	**12,130,303**	**-**	**12,130,303**	**6,632,629**	**-**

	Asset	Liability	Net	(charged)/ credited to profit or loss	(charged)/ credited to equity
	31 March 2020	31 March 2020	31 March 2020	2019/2020	2019/2020
	EUR	EUR	EUR	EUR	EUR
Tax losses carried forward	-	-	-	-	-
Temporary difference on property and equipment	345,351	-	345,351	65,990	-
Employee retirement benefit liabilities	502,966	-	502,966	52,030	-
Other liabilities and provisions	-	-	-	-	-
Other temporary and deductible differences	-	-	-	-	-
Impact of conversion from Indian GAAP to IFRS	1,668,108	-	1,668,108	203,637	-
Intangible assets	-4,925,974	-	-4,925,974	-	-
Impairment of financial instruments and impact of 35D expenditures (India)	8,896,075	-	8,896,075	4,039,340	-
Impact of expenditure charged to income-statement in current year, but allowed for tax purpose on payment basis	442,298	-	442,298	-	-
Tax relating to components of OCI	-	-	-	-	-
Tax asset/(liabilities)	6,928,824	-	6,928,824	4,360,997	-
Effects of offsetting	-	-	-	-	-
Net tax assets/(liabilities)	**6,928,824**	**-**	**6,928,824**	**4,360,997**	**-**

25. Share capital

Authorized capital	31 March 2021 Number	31 March 2021 EUR	31 March 2020 Number	31 March 2020 EUR
Ordinary shares of 1 EUR each	100,000,000	100,000,000	100,000,000	100,000,000
Total	**100,000,000**	**100,000,000**	**100,000,000**	**100,000,000**

Issued and fully paid capital	2020/2021 Number	2020/2021 EUR	2019/2020 Number	2019/2020 EUR
Ordinary shares of 1 EUR each				
All issued shares are fully paid up.				
Opening balance	**45,840,568**	**45,840,568**	**41,942,188**	**41,942,188**
Conversion of convertible equity certificates	-	-	3,898,380	3,898,380
Issue of share capital	-	-	-	-
Closing balance	**45,840,568**	**45,840,568**	**45,840,568**	**45,840,568**

26. Reserves

The following describes the nature and purpose of each reserve within equity. For amounts, please refer to the consolidated statement of changes in equity.

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Treasury shares	Treasury shares represent own Ordinary equity shares at purchase price. The total number of shares held in treasury is 282,103 (31 March 2020: 282,103).
Revaluation reserve	The revaluation reserve relates to the share in OCI of consolidated entities.
Translation reserve	The Gains/losses arising on retranslating the net asset value of consolidated entities whereby their functional currency is different from the Group reporting currency i.e. EUR.
Merger reserve	A merger reserve was recognized as the difference between the carrying amount of assets and liabilities acquired against (i) the value of paid up capital (including share premium) of the outstanding shares of the acquired entity (in case of the reverse merger in 2014 with Microventures Finance Group, SA, Luxembourg) or (ii) the amount of the investment in the acquired entity as carried in the books of CreditAccess (in case of the merger in 2015 with MFA SARL, Luxembourg and Microventures Investments SA SICAR, Luxembourg).
Cash flow hedge reserve	The Company uses derivative instruments, primarily non deliverable forward contracts, to hedge foreign currency exposures arising from loan receivables denominated in currencies other than EUR (See policy note 3.4.20). The spot element of the cash flow hedges for effective hedges is recognised in the cash flow hedge reserve, until the settlement of the derivative.
Cost of hedging reserve	The Company uses derivative instruments, primarily non deliverable forward contracts, to hedge foreign currency exposures arising from loan receivables denominated in currencies other than EUR (See policy note 3.4.20). The forward element of the cash flow hedges for effective hedges is recognised in the cost of hedging reserve, until the settlement of the derivative.
Other reserves	CreditAccess India N.V. launched the public listing of its core operating company CreditAccess Grameen Limited in India in FY18/19. The IPO comprised of a primary issuance and a secondary sale by CreditAccess Asia N.V.. (predecessor of CreditAccess India N.V. prior to the demerger). The IPO has resulted in EUR 99 mln in Other Reserves (a value step up of EUR 60 mln due to the share issuance and net proceeds of EUR 39 mln due to the secondary sale). The remaining EUR 47 mln in Other Reserves is primarily driven by the value step up as a result of the Qualified Institutions Placement by CreditAccess Grameen in October 2020.
Retained earnings	It represents the cumulative profits/losses of prior periods and the current period. It also includes re-measurements required on account of changes in accounting policies adopted by the Group.

27. Analysis of amounts recognized in other comprehensive income

	Revaluation Reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation Reserve	Total
	EUR	EUR	EUR	EUR	EUR
Period up to 31 March 2021					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	2,679,442	-	-	-9,273,257	**-6,593,815**
Effective portion of changes in fair-value on cash-flow hedges	-	141,126	-	-	**141,126**
Net change in cost of hedging	-	-	-452,464	-	**-452,464**
Tax relating to items that may be reclassified	-	-	-	-	**-**
	2,679,442	**141,126**	**-452,464**	**-9,273,257**	**-6,905,153**
Period up to 31 March 2020					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	-2,774,639	-	-	-11,974,765	**-14,749,404**
Effective portion of changes in fair-value on cash-flow hedges	-	324,589	-	-	**324,589**
Net change in cost of hedging	-	-	136,489	-	**136,489**
Tax relating to items that may be reclassified	-	-	-	-	**-**
	-2,774,639	**324,589**	**136,489**	**-11,974,765**	**-14,288,326**

28. Commitments and contingent liabilities

Amounts are due as follows:	31 March 2021	31 March 2020
	EUR	EUR
Not later than one year	1,007,000	965,000
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	**1,007,000**	**965,000**

The figures above relate to commitments mainly in relation to the future value of minimum lease payments which were not recognized through IFRS16 and committed expenditure for (in)tangible fixed assets.

29. Defined benefit schemes

(i) Defined benefit scheme characteristics and funding

The Group operates post-employment defined benefit scheme for its employees in CA Grameen only.

Scheme CA Grameen

It provides employees in India with a pension upon retirement.

The scheme is funded by the Company and employees contribute to the scheme. Contributions by the Company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement. The scheme is insured. The insurer is responsible for the administration of the plan assets and for the definition of the investment strategy.

The Plan assets consist for 100% of investments with the insurer.

The scheme pension plan in the insurance contract does not contain real assets, the plan asset is the value of the insurance contract (accrued benefits against discount rate). There is no direct relation between the value of the insurance contract and the value of CreditAccess or any other Group companies.

The scheme is legally separate from the Group.

The scheme is exposed to a number of risks, including:

- *Investment risk:* movement of discount rate used (high quality corporate bonds) against the return from plan assets.
- *Interest rate risk:* decreases/increases in the discount rate used (high quality corporate bonds) will increase/ decrease the defined benefit obligation.
- *Longevity risk:* changes in the estimation of mortality rates of current and former employees.
- *Salary risk:* increases in future salaries increase the gross defined benefit obligation.

Estimates and assumptions

The costs, assets and liabilities of the defined benefit schemes operating by the Group companies are determined using methods relying on actuarial estimates and assumptions. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions.

(ii) Defined benefit obligation - actuarial assumptions

The principal actuarial assumptions used in calculating the present value of the defined benefit obligation include:

	Scheme CA-Grameen	
	2020/2021	**2019/2020**
Retirement age	60 years	60 years
Mortality rate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Disability rate	5% of mortality rates	5% of mortality rates
Average age	27.98 years	27.54 years
Valuation method	Projected Unit Credit	Projected Unit Credit

(iii)-a Reconciliation of post employment defined benefit obligation and fair value of scheme assets, in aggregate

	Defined benefit obligation		Fair value of scheme assets		Net defined scheme liability	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
	EUR	EUR	EUR	EUR	EUR	EUR
Opening balance	**2,031,137**	**1,330,405**	**1,274,808**	**798,576**	**756,329**	**531,829**
Current service cost	601,697	460,639	-	-	601,697	460,639
Interest cost/(income)	124,208	78,191	-	-	124,208	78,191
Past service cost and settlements	-	-	-	-	-	-
Included in profit or loss	725,905	538,830	-	-	725,905	538,830
Return on plan assets	-	-	94,216	61,849	-94,216	-61,849
Actuarial changes arising from changes in demographical assumptions	55,374	11,965	-	15,505	55,374	-3,540
Actuarial changes arising from changes in financial assumptions	-134,995	-	-	-	-134,995	-
Experience adjustments	35,244	-	-24,292	-	59,536	-
Included in other comprehensive income	-44,377	11,965	69,924	77,354	-114,301	-65,389
Employer contributions	-	-	425,577	524,534	-425,577	-524,534
Benefits paid	-127,598	-48,387	-90,777	-48,387	-36,821	-
Acquisitions	-	322,231	-	-	-	322,231
Other Movements	-127,598	273,844	334,800	476,147	-462,398	-202,303
Foreign exchange differences	-63,821	-123,907	-39,525	-77,269	-24,296	-46,638
Closing balance	**2,521,246**	**2,031,137**	**1,640,007**	**1,274,808**	**881,239**	**756,329**

Represented by:	31 March 2021	31 March 2020
	EUR	EUR
- Scheme (CA Grameen)	881,239	756,329
Total	**881,239**	**756,329**

(iii)-b Reconciliation of post employment defined benefit obligation and fair value of scheme assets, per country

	Scheme - CA Grameen (India)		
	Defined benefit obligation 2020/2021 EUR	Fair-value of scheme assets 2020/2021 EUR	Net defined scheme liability 2020/2021 EUR
Opening balance	**2,031,137**	**1,274,808**	**756,329**
Current service cost	601,697	-	601,697
Interest cost/(income)	124,208	-	124,208
Past service cost and settlements	-	-	-
Included in profit or loss	725,905	-	725,905
Return on plan assets	-	94,216	-94,216
Actuarial changes arising from changes in demographical assumptions	55,374	-	55,374
Actuarial changes arising from changes in financial assumptions	-134,995	-	-134,995
Experience adjustments	35,244	-24,292	59,536
Included in other comprehensive income	-44,377	69,924	-114,301
Employer contributions	-	425,577	-425,577
Benefits paid	-127,598	-90,777	-36,821
Acquisition	-	-	-
Other Movements	-127,598	334,800	-462,398
Foreign exchange differences	-63,821	-39,525	-24,296
Closing balance	**2,521,246**	**1,640,007**	**881,239**

(iv) Sensitivity analysis

A sensitivity analysis extrapolating the impact on the defined benefit obligation as a result of reasonable changes in key assumptions at the end of the reporting period, keeping all other assumptions constant, is as follows:

Impact on defined benefit obligation	**31 March 2021 EUR**
1% increase in discount-rate	-545,031
1% decrease in discount-rate	608,205
1% increase in the salary increase rate assumption	579,186
1% decrease in the salary increase rate assumption	-526,524

(v) Others

The expected contributions to the plan for the next Annual Reporting period amounts to EUR 669,473

The fair values of each major class of plan assets are as follows:

	31 March 2021 EUR
Cash and cash equivalents	-
Investments quoted in active markets	-
Unquoted investments	-
Others; Assets under insurance schemes	1,640,007
	1,640,007

30. Share-based payment

The Board of the Company has approved on 20 December 2017 the Terms and Conditions of an employee share option plan named “IPO Incentive Plan".

The IPO Incentive Plan consist of up to 1,200,000 options reserved to key managers fulfilling strategic positions within the Group. Options maybe granted annually in maximum 5 consecutive years. The actual number of granted options will be decided upon by the Board based on the achievement of Group financial targets and of individual KPIs of the key managers.

In November 2016, the Company has granted a first tranche consisting of 161,908 options (First Grant) with vesting period starting retroactively from 31 March 2016. On 7 September 2017, the Company has granted a second tranche consisting of 195,922 options (Second Grant) with vesting period starting retroactively from 31 March 2017. On 1 December 2018, the Company has granted a third tranche consisting of 318,931 options (Third Grant) with vesting period starting retroactively from 31 March 2018. On 20 November 2019, the Company has granted a fourth tranche consisting of 216,994 options (Fourth Grant) with vesting period starting retroactively from 31 March 2019. On 4 December 2020, the Company has granted a fifth tranche consisting of 16,594 options (Fifth Grant) with vesting period starting retroactively from 31 March 2020.

Furthermore, on 4 December 2020 the Company has forfeited 43,726 options across the five grants.

Vesting is subject to a minimum of 36 months of service of the key manager and the Company execution of a Qualified IPO or the Liquidity Event, as described in the Governance Policy of the Company.

No amounts are paid or payable by the recipient upon grant of the options. The options carry neither rights to dividends nor voting rights. When exercisable each option can be converted into one equity share of the Company.
The Company does not have any re-purchase obligation regarding the issued options. Customary good leaver clauses apply to the IPO Incentive Plan.

The fair-value of the options granted was determined using a Black-Scholes method of valuation with the following key assumptions: strike price EUR 16.80, underlying stock price EUR 16.80, dividend yield 0%, discount rate -0.321%, volatility of the stock equal to CA Grameen stock volatility at 51.54%.

The weighted average exercise price of options outstanding at 31 March 2021 was EUR 9.28 and their weighted average remaining contractual life was 4.02 years. Of the total number of options outstanding at 31 March 2021, none had vested and none were exercisable. At 31 March 2021 there were still 383,637 options available for grant.

Options	Weighted average exercise price 2020/2021 (EUR)	2020/2021 Number	Weighted average exercise price 2019/2020 (EUR)	2019/2020 Number
Outstanding at beginning of period	9.72	843,495	7.44	669,137
Granted during the period	16.80	16,594	15.00	216,994
Forfeited during the period	11.71	-43,726	-	-38,104
Lapsed during the period	-	-	8.11	-4,532
Outstanding at end of period	**9.28**	**816,363**	**9.72**	**843,495**

Grants	Options granted	Grant date	Grant effective date	Vesting – and exercise period (from Grant effective date)	Strike price EUR	Fair-value at grant date(IPO probability adjusted) EUR
Grant 1	161,908	01/Nov/16	31/Mar/16	7 years	4.79	-
Grant 2	195,922	07/Sep/17	31/Mar/17	7 years	7.46	1.36
Grant 3	318,931	01/Dec/18	31/Mar/18	7 years	8.75	1.49
Grant 4	216,994	20/Nov/19	31/Mar/19	7 years	15.00	2.98
Grant 5	16,594	04/Dec/20	31/Mar/20	7 years	16.80	3.79

The amount charged to the profit or loss account through 'Other reserves' amounts to;

	2020/2021 EUR	2019/2020 EUR
Fifth Grant	5,743	-
Fourth Grant	175,450	63,931
Third Grant	183,521	184,024
Second Grant	69,656	69,846
First Grant	73,059	73,259
	507,429	**391,060**
Re-allocation prior period	-	697
Remeasurement due to lapsed options	-	-3,808
Remeasurement due to forfeited options	-76,827	-27,226
	430,602	**360,723**

Furthermore CA Grameen, India, operates an equity-settled share-based remuneration scheme for its employees.

Details are as follows:

Options	**Weighted average exercise price 2020/2021 (EUR)**	**2020/2021 Number**	**Weighted average exercise price 2019/2020 (EUR)**	**2019/2020 Number**
Outstanding at beginning of period	0.91 (INR 75.52)	1,343,075	0.55 (INR 42.64)	1,780,672
Granted during the period	9.09 (INR 786.91)	375,900	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	1.08 (INR 93.22)	-281,258	0.91 (INR 72.09)	-405,490
Lapsed/expired during the period	1.21 (INR 104.54)	-32,774	1.40 (INR 110.51)	-32,107
Outstanding at end of period	**3.30 (INR 282.81)**	**1,404,943**	**0.91 (INR 75.52)**	**1,343,075**

The exercise price of options outstanding at 31 March 2021 ranged between EUR 0.31 (INR 27) and EUR 9.09 (INR 786.91) with weighted average exercise price of EUR 3.30 (INR 282.81) and a weighted average remaining contractual life of 3.81 years. As at 31 March 2021, 886,508 options had vested and were exercisable. The fair-value of the options granted was determined using a Black-Scholes method of valuation.

The share-based remuneration expense (note 10) comprises:

	2020/2021 EUR	2019/2020 EUR
Equity-settled schemes	656,842	678,787
Total	**656,842**	**678,787**

During the current or previous period, the Group did not enter into any share-based payment transactions with parties other than employees of the group as detailed in the note above.

31. Related-party transactions

Related parties are the consolidated subsidiaries (refer note 3.2), the companies demerged to CreditAccess SEA Group, shareholders of CAI N.V. and the key management personnel of CAI N.V..

All related-party transactions have been entered at arm's length conditions.

Investments in subsidiaries are disclosed in note 40.

Significant transactions with companies demerged to CreditAccess SEA Group are disclosed in note 42 and 45. Furthermore there have been shared facilities and resources with CreditAccess SEA Group for which a fee is charged.

There have been no significant transactions with any shareholder of CAI N.V..

Remuneration of the key management personnel:

The amounts disclosed below are the amounts recognized as an expense during the reporting period related to Key Management Personnel.

Key Management Personnel consist of: the executive- and non-executive directors of the Company.

The Non-Executive Directors receive a fixed annual remuneration. The Company did neither provide post-employment benefits, long-term employee benefits and termination benefits nor share-based payments, bonuses and profit shares to non-executive directors.

The remuneration of the Executive Directors consists of annual fixed remuneration and long term variable remuneration. During the financial year, no options were granted under the equity-settled share based remuneration scheme of CreditAccess India N.V. (FY19/20: 62,500). Please refer to note 30 on shared-based payment.

Mr. P. Brichetti, Mr. C. Pinto, Mr. G. Siccardo, Mr. F.Carini and Mr. K. Slobbe hold equity interest in the Company.

Non-executive directors	Remuneration 2020/2021 EUR	Remuneration 2019/2020 EUR
Mr. K.J.M. Slobbe (until 9 December 2020)	58,500	50,000
Mr. D. Mintz	48,875	43,500
Mr. J. Epstein (until 9 December 2020)	32,250	42,250
Mr. F.G.M. Moccagatta	49,500	41,000
Mr. G. Siccardo	45,125	38,500
Mr. F. Carini	46,250	36,000
Mrs. E.C.M. Boerhof (until 9 December 2020)	31,125	41,500
Mr. M.R. Spongano	48,000	-
Mrs B. Corazza (from 10 December 2020)	20,994	-
Mr. C. Pinto (from 10 December 2020)	56,626	-
	437,245	**292,750**
Executive directors		
Mr. P. Brichetti incl. expenses related to options as detailed above	316,115	327,224
Mr. B.R. Diwakar (from 20 November 2020)	79,648	-
	395,763	**327,224**
Total (Non-executive + Executive)	**833,008**	**619,974**

32. Subsequent events

The sudden spread of second wave of COVID-19 pandemic has again created a challenging environment. We shall closely evaluate the business impact of the ongoing disruptions and use our experience of FY20/21 to stabilise our business.

33. Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2020/2021 EUR	2019/2020 EUR
Cash at bank and in hand available on demand	80,338,974	70,741,541
Short-term deposits	248,775,338	53,082,716
Total	**329,114,312**	**123,824,257**

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Company Financial Statements
CreditAccess India N.V.

Company Financial Statements

Company statement of profit or loss

	Note	2020/2021 EUR	2019/2020 EUR
Interest and similar income	35	1,800,697	2,510,730
Interest and similar expenses	36	-2,675,845	-2,903,514
Net interest income		**-875,148**	**-392,784**
Other income		-	-
Total income		**-875,148**	**-392,784**
Credit loss expenses		-80,424	-
Gross result		**-955,572**	**-392,784**
Personnel expenses	37	1,973,757	1,853,666
Depreciation and amortisation		106,040	106,245
Other operating expenses	38	2,141,648	1,484,292
Operating expenses		**4,221,445**	**3,444,203**
Operating result before value adjustments		**-5,177,017**	**-3,836,987**
Result from foreign currency denominated transactions		153,821	-311,488
Share in results of subsidiaries	40	12,621,519	33,386,138
Share in results of associates	41	-9,052	-92,753
		12,766,288	**32,981,897**
Result before taxation		**7,589,271**	**29,144,910**
Taxation on result		-	-
Result for the period		**7,589,271**	**29,144,910**

Company balance sheet

(before appropriation of result)	Note	31 March 2021 EUR	31 March 2020 EUR
Assets			
Non-current assets			
Intangible fixed assets	39	8,098,912	8,383,598
Tangible fixed assets	39.a	48,592	152,338
Investments in subsidiaries	40	318,214,836	263,703,419
Investments in associates	41	19,890	30,047
Loans and receivables with CreditAccess SEA Group		-	4,779,423
Derivative financial instruments		-	82,855
Total Non-current assets		***326,382,230***	***277,131,680***
Current assets			
Loans and receivables with CreditAccess SEA Group	42	4,836,675	12,048,584
Other assets	43	1,183,088	2,780,572
Derivative financial instruments	46	-	185,933
Cash and cash equivalents	44	54,077,224	46,032,981
Total current assets		***60,096,987***	***61,048,070***
Total assets		**386,479,217**	**338,179,750**
Liabilities			
Short term liabilities			
Finance debt	47	25,119,719	360,686
Lease liabilities	39.a	50,898	92,059
Other liabilities	45	1,676,315	2,248,774
Derivative financial instruments	46	161,520	588,191
Total short term liabilities		***27,008,452***	***3,289,710***
Current assets minus short term liabilities		***33,088,535***	***57,758,360***
Assets minus short term liabilities		***359,470,765***	***334,890,040***
Long term liabilities			
Finance debt	47	8,198,224	32,927,252
Lease liabilities	39.a	-	46,399
Other liabilities	45	-	-
Total long term liabilities		***8,198,224***	***32,973,651***
Total liabilities		**35,206,676**	**36,263,361**
Assets minus liabilities		**351,272,541**	**301,916,389**
Capital and reserves attributable to owners of the company	48		
Share capital		45,840,568	45,840,568
Share premium		114,729,160	114,729,160
Treasury shares		-320,433	-320,433
Merger reserve		798,915	798,915
Translation reserve		-46,238,997	-36,965,740
Revaluation reserve		-712,731	-3,392,173
Cash flow hedge reserve		332,740	191,614
Cost of hedging reserve		-419,196	33,268
Other reserves		145,836,550	97,164,515
Retained earnings		91,425,965	83,836,695
Total equity		**351,272,541**	**301,916,389**
Total equity and liabilities		**386,479,217**	**338,179,750**

Notes to the Company financial statements

34. Accounting policies for the Company financial statements

The Company financial statements of CreditAccess India N.V., which form part of the consolidated financial statements for 31 March 2021 of the Group, have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. Pursuant to Section 362(8) of this Code, the same accounting policies were used as in the consolidated financial statements.

Assets and liabilities are measured, foreign currencies translated and profit determined in accordance with the same accounting policies of the consolidated financial statements as described earlier in this report. The carrying amount of the current portion of financial instruments approximates fair value.

In the Company financial statements, subsidiaries over which the Company has significant control are recognized using the equity method of accounting. If the share of losses of CreditAccess India N.V. exceeds the value of the ownership interest in a subsidiary, the book value of the subsidiary is reduced to nil in the balance sheet and further losses are no longer recognized except to the extent that CreditAccess India N.V. has legally enforceable or constructive obligation.

35. Interest and similar income

The Company earns interest income mainly on loans provided to entities which were subsidiaries at the time of extending the loans and have eventually have been demerged into CreditAccess SEA Group in FY19/20:

	2020/2021 EUR	2019/2020 EUR
Interest on loans to CreditAccess SEA Group	1,799,694	2,312,615
Others	1,003	198,115
Total	**1,800,697**	**2,510,730**

36. Interest and similar expenses

	2020/2021 EUR	2019/2020 EUR
Interest on Global bond (Mediobanca)	554,587	554,602
Interest on other external borrowing and similar expenses	737,909	794,471
Amortization of hedging forward points	1,077,128	1,286,711
Negative interest on credit balance with banks	302,966	261,159
Interest on Right of Use Assets	3,255	6,571
Total	**2,675,845**	**2,903,514**

37. Personnel expenses

	2020/2021 EUR	2019/2020 EUR
Personnel expenses comprise:		
Wages and salaries	1,441,115	1,391,320
Social security costs	102,040	101,622
Share based payments	430,602	360,724
Total	**1,973,757**	**1,853,666**

The average number of employees (full time equivalent, rounded) was 10 (2019/2020: 10).

See note 30 for more information on the share based payments.

38. Other operating expenses

	2020/2021 EUR	2019/2020 EUR
Directors fees	421,918	292,750
Travel and lodging	33,658	188,314
Audit and accounting	237,718	115,844
Other professional fees	425,360	586,516
Rental and office expenses (exempted from IFRS16)	27,013	30,249
Communication and IT	14,797	45,415
Business advisory	128,732	10,138
Legal fees	795,693	113,764
Taxes (other than Corporate Income Tax) and licences	86,658	-
Insurance	48,243	48,108
Marketing and advertising	1,286	7,271
Staff training and benefits	19,491	37,015
Bank charges	2,389	3,164
Equity advisory	-	1,586
Other operating expenses	1,293	22,772
Expenses recharged to companies demerged in FY19/20	-102,601	-18,614
Total	**2,141,648**	**1,484,292**

The material increase in legal fees is mainly due to the legal services provided for governance related subjects.

39. Intangible fixed assets

Intangible fixed assets include Goodwill amounting to EUR 8,098,912 (31 March 2020; EUR 8,383,598).

The movements during the period are as follows:

			2020/2021 EUR			2019/2020 EUR
	Goodwill			Goodwill		
	Cost	Accumulated amortisation and impairment	Net book value	Cost	Accumulated amortisation and impairment	Net book value
Opening balance	**8,383,598**	**-**	**8,383,598**	**8,942,368**	**-**	**8,942,368**
Acquired through business combinations	-	-	-	-	-	-
Amortisation and impairment	-	-	-	-	-	-
Foreign exchange rate movements	-284,686	-	-284,686	-558,770	-	-558,770
Closing balance	**8,098,912**	**-**	**8,098,912**	**8,383,598**	**-**	**8,383,598**

Please refer to note 15 for Goodwill.

39.a. Tangible fixed assets

	31 March 2021	31 March 2020
	EUR	EUR
Lease assets (IFRS16)	32,435	118,923
Others	16,157	33,415
Total tangible fixed assets	**48,592**	**152,338**

Movement schedule of carrying amounts of Lease assets (IFRS16)	**Buildings**	**Total**
	EUR	EUR
Right of use assets		
31 March 2020	118,923	118,923
Movements during the period		
Additions	-	-
Disposals	-	-
Depreciation	-86,488	-86,488
31 March 2021	**32,435**	**32,435**
Lease liability		
31 March 2020	138,458	138,458
Movements during the period		
Accretion of interest	3,255	3,255
Payments (reducing the lease-liability)	-90,815	-90,815
31 March 2021	**50,898**	**50,898**
General lease term	2.4 years	

There are no significant expenses relating to lease payments not included in the measurement of lease liabilities.

Lease liabilities - Current/ Non-current	**31 March 2021**	**31 March 2020**
	EUR	EUR
Lease liabilities – Long term	-	46,399
Lease liabilities – Short term	50,898	92,059
Total	**50,898**	**138,458**

Movement schedule of carrying amounts of other tangible fixed assets	**Leasehold improvements**	**Furniture and fixtures**	**Computer equipment**	**Total**
	EUR	EUR	EUR	EUR
Cost	50,094	16,662	36,688	103,444
Accumulated Depreciation	-45,617	-14,708	-26,962	-87,287
Net book value at 31 March 2021	**4,477**	**1,954**	**9,726**	**16,157**

Movement schedule of carrying amounts of other tangible fixed assets	**Leasehold improvements**	**Furniture and fixtures**	**Computer equipment**	**Total**
	EUR	EUR	EUR	EUR
Cost	50,095	16,662	32,748	99,505
Accumulated Depreciation	-35,599	-11,376	-19,115	-66,090
Net book value at 31 March 2020	**14,496**	**5,286**	**13,633**	**33,415**

40. Investments in subsidiaries

The movements during the period are as follows:

	2020/2021 EUR	2019/2020 EUR
Opening balance	**263,703,419**	**244,092,917**
Additions arising from direct acquisitions:		
- CA-Grameen	-	-
- MVH Srl	-	410,000
- CA-SEC BV	-	1,001
	-	**411,001**
Capital reductions:	-	-
	-	**-**
- Value step-up related to share-premium of CA Grameen in QIP (qualified institutional placement)	48,197,923	-
Share in result of subsidiaries:	12,621,519	33,386,138
Share in participations, directly through equity	2,679,442	-2,774,639
Exchange rate differences	-8,987,467	-11,411,998
Closing balance	**318,214,836**	**263,703,419**

Share in result of subsidiaries mostly represent CAI NV portion of profits after tax of CA Grameen equal to EUR 12.7 mln. (FY19/20: 33.8 mln.)

A number of shares equal to 20% of the stake held by CAI post IPO is subject to a lock up period of 3 years from IPO, expiring August 2021.

41. Investments in associates

During FY19/20 the company acquired 49% share in CreditAccess Life Insurance Ltd, India which is the only investment in associates at 31 March 2021.

	2020/2021 EUR	2019/2020 EUR
Opening balance	**30,047**	**-**
Additions arising from direct acquisitions	-	126,795
Share in result	-9,052	-92,753
Exchange rate differences	-1,105	-3,995
Closing balance	**19,890**	**30,047**

42. Loans and receivables to CreditAccess SEA Group

	31 March 2021 EUR	31 March 2020 EUR
PT Bina Artha Ventura: Senior debt	1,760,885	6,715,451
PT Bina Artha Ventura: Interest on senior loans	39,458	243,628
CreditAccess Philippines: Senior debt	2,856,493	9,478,209
CreditAccess Philippines: Interest on senior loans	151,936	390,719
CreditAccess SEA BV: Current-account	27,903	-
Total	**4,836,675**	**16,828,007**

Current/ Non-current	31 March 2021 EUR	31 March 2020 EUR
Loans to CreditAccess SEA Group – Non-Current	-	4,779,423
	-	**4,779,423**
Loans and receivables to CreditAccess SEA Group – Current	4,645,281	11,414,237
Interest on Loans to CreditAccess SEA Group – Current	191,394	634,347
	4,836,675	**12,048,584**
Total	**4,836,675**	**16,828,007**

The ECL on the Loans and receivables to CreditAccess SEA Group was assessed and no impairment has been booked in both consolidated and stand alone financial statements. The ECL model is detailed in note 3.4.6.2.

Loans and receivables to CreditAccess SEA Group are considered related-party transactions (refer note 31).

43. Other assets

	31 March 2021 EUR	31 March 2020 EUR
Trade receivables	166,889	166,408
Collateral against hedging	841,674	2,372,000
Prepayments	85,996	175,862
Tax and social security	62,026	34,864
Other receivables	26,503	31,438
Total	**1,183,088**	**2,780,572**

44. Cash and cash equivalents

	31 March 2021 EUR	31 March 2020 EUR
Cash at bank and in hand available on demand	54,077,224	46,032,981
Cash and cash equivalents	**54,077,224**	**46,032,981**

The amount consists of direct available bank current-account balances and petty-cash.

Cash collateral for derivative instruments is included in Other assets.

45. Other liabilities

	31 March 2021 EUR	31 March 2020 EUR
Trade payables	465,532	144,330
Accrued interest (excluding Finance-debt at EIR)	85,790	68,633
Payable to CreditAccess SEA Group	-	1,764,607
Employee liabilities	292,374	185,636
Tax and social security	92,898	54,900
Other liabilities and accrued expenses	739,721	30,668
Total	**1,676,315**	**2,248,774**

The payable to CreditAccess SEA Group per 31 March 2020 originated from the Demerger. The amount was settled in cash in the subsequent period and is therefore not impaired.

Payable to CreditAccess SEA Group is considered related-party transaction (refer note 31).

Current/ Non-current	31 March 2021 EUR	31 March 2020 EUR
Other liabilities – Long term	-	-
Other liabilities – Short term	1,676,315	2,248,774
Total	**1,676,315**	**2,248,774**

46. Derivative financial instruments

	31 March 2021 EUR	31 March 2020 EUR
Non-deliverable forward contracts – assets – Non-current	-	82,855
Non-deliverable forward contracts – assets – Current	-	185,933
Non-deliverable forward contracts – liabilities – Current	-161,520	-588,191
Net derivative financial instruments	**-161,520**	**-319,403**

This relates to the fair-value of concluded non-deliverable forward contracts. Further details are disclosed in note 18.

47. Finance debt

	31 March 2021 EUR	31 March 2020 EUR
Principal amounts	32,998,224	32,998,224
Effective interest adjustments	-40,570	-70,972
	32,957,654	**32,927,252**
Payable contractual interest	360,289	360,686
	33,317,943	**33,287,938**

Current/ Non-current	31 March 2021 EUR	31 March 2020 EUR
Finance debt - Long term	8,198,224	32,927,252
Finance debt – Short term	25,119,719	360,686
Total	**33,317,943**	**33,287,938**

The movements in principal amounts during the period are as follows:

Financial year 2020/2021	Non-current EUR	Current EUR	Total EUR
Opening balance	**32,998,224**	**-**	**32,998,224**
Issued bonds	-	-	-
Senior loans received	-	-	-
Reclass from change in maturity	-24,800,000	24,800,000	-
Repayments	-	-	-
Closing balance	**8,198,224**	**24,800,000**	**32,998,224**

Non-current part consists of;

Loans from ResponsAbility;
- EUR 6.2 mln, Maturity 31 May 2022,
- EUR 2.0 mln, Maturity 8 August 2022.

Current part consists of;

Global-bond' issued via BNY-Mellon; EUR 14.8 mln. Maturity; 21 December 2021.

Loan from ‘ASN-Microkredietpool’; EUR 10 mln. Maturity; 15 December 2021.

The fair value of the non-current finance debt amounts to EUR 8.25 million (31 March 2020; EUR 33.25 mln.), discounted at the internal effective interest rate of the transactions.

Financial debt is contracted with unrelated counterparties at commercial terms and conditions.

For the debt outstanding as at 31 March 2021, the average contracted interest rate is 3.81%. (31 March 2020; 3.81%)

The movements during the prior period are as follows:

Financial year 2019/2020	Non-current EUR	Current EUR	Total EUR
Opening balance	**24,800,000**	**3,100,000**	**27,900,000**
Issued bonds	-	-	-
Senior loans received	8,198,224	-	8,198,224
Repayments	-	-3,100,000	-3,100,000
Closing balance	**32,998,224**	**-**	**32,998,224**

48. Equity

The movements during the year are as follows:

	Issued and paid-up capital	Share premium	Treasury shares	Merger Reserve	Translation reserve	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31 March 2020	**45,840,568**	**114,729,160**	**-320,433**	**798,915**	**-36,965,740**	**- 3,392,173**	**191,614**	**33,268**	**97,164,515**	**83,836,694**	**301,916,388**
Capital in-/decreases	-	-	-	-	-	-	-	-	-	-	-
Other movements during the year (refer to '*consolidated statement of changes in equity*')	-	-	-	-	-9,273,257	2,679,442	141,126	-452,464	48,672,035	-	41,766,882
Net result for the year	-	-	-	-	-	-	-	-	-	7,589,271	7,589,271
31 March 2021	**45,840,568**	**114,729,160**	**-320,433**	**798,915**	**-46,238,997**	**-712,731**	**332,740**	**- 419,196**	**145,836,550**	**91,425,965**	**351,272,541**

	Issued and paid-up capital	Share premium	Treasury shares	Merger Reserve	Translation reserve	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31 March 2019	**41,942,188**	**138,536,809**	**-321,452**	**798,915**	**-26,692,013**	**-539,977**	**-132,973**	**-103,221**	**109,406,089**	**54,931,266**	**317,825,631**
Impact from demerger	-	-28,818,369	-	-	1,701,038	-77,557	-	-	-3,665,973	-239,481	-31,100,342
Capital in-/decreases	3,898,380	5,010,720	-	-	-	-	-	-	-8,909,100	-	-
Other movements during the year (refer to '*consolidated statement of changes in equity*')	-	-	1,019	-	-11,974,765	-2,774,639	324,587	136,489	333,499	-	-13,953,810
Net result for the year	-	-	-	-	-	-	-	-	-	29,144,910	29,144,910
31 March 2020	**45,840,568**	**114,729,160**	**-320,433**	**798,915**	**-36,965,740**	**- 3,392,173**	**191,614**	**33,268**	**97,164,515**	**83,836,695**	**301,916,389**

48. Equity (continued)

The Revaluation reserve relates to the share in OCI of subsidiaries, while the Translation reserve relates to translating the net assets of foreign subsidiaries into EUR.

As at 31 March 2021, the amount of restricted legal reserves ("Wettelijke reserve") relating to applicable items as per Dutch civil code, book 2:373-4 and Dutch reporting standards ("RJ 240.229") amount to EUR 29,689,622 (31 March 2020: EUR 30,431,052). It relates to legal reserves of Indian subsidiaries.

The table below depicts the equity composition of the Company under Dutch GAAP:

	31 March 2021	31 March 2020
Share capital	45,840,568	45,840,568
Share premium	114,729,160	114,729,160
Other reserves	69,587,226	27,078,914
Legal reserves (restricted)	29,689,622	30,431,052
Retained earnings	91,425,965	83,836,695
Total Equity	**351,272,541**	**301,916,389**

49. Commitments and contingent liabilities

This Company has future obligations for its rented office amounting to EUR 35,000 (31 March 2020: EUR 127,000). An amount of EUR 35,000 (31 March 2020; EUR 92,000) is due within one year and nil (31 March 2020; EUR 35,000) is due between 2 and 5 years.

50. Subsequent events

The sudden spread of second wave of COVID-19 pandemic has again created a challenging environment. We shall closely evaluate the business impact of the ongoing disruptions due to COVID and use our experience of FY20/21 to stabilise our business.

51. Proposed appropriation of the result

The result of EUR 7,589,271 for the year ended 31 March 2021 is shown as 'Result for the period’ until the shareholders of the Company approve the FY20/21 financial statements and the appropriation of result.

At the general meeting of the shareholders a proposal will be put forth to approve the financial statements and to add the FY20/21 net result after taxes to Retained earnings.

Amsterdam, 14 February 2022

CreditAccess India N.V.

Executive Board:

B. R. Diwakar

Non-executive Board:

F.G.M. (Francesco) Moccagatta

K.J.M. (Koen) Slobbe

B. (Benedetta) Corazza

D.R. (Daniel) Mintz

F. (Federico) Carini

S. (Stefania) Petruccioli

M. (Michael) Atzwanger

P. (Paolo) Brichetti

Other Information

Statutory rules concerning appropriation of result

Article 21 of the Company articles of association:

1- The net result after tax is at the free disposal of the general shareholders' meeting.

2a- The Company can only pay out the amount of profit, which is approved for distribution, to the shareholders and other recipients. The distributions are only allowed by law when the shareholders' equity is greater than the paid up and requested amount of the accumulated retained capital including retained earnings.

2b- Profit distributions occur after the approval of the financial statement at which can be distributed if permitted, by law and the shareholders.

2c- No distributions are allowed from the Company's paid up share capital.

3- When calculating the amount available for profit distribution the share capital which the Company maintains is not taken into account, unless the shares are charged for beneficial interest or in cooperation with the entity certificates are issued.

4- The Company may only pay out interim dividends when article 21.2a is fulfilled.

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Independent auditor's report

To: the shareholders and board of directors of CreditAccess India N.V.

Report on the audit of the financial statements for the year ended 31 March 2021 included in the annual report

Our opinion

We have audited the annual financial statements for the year ended 31 March 2021 of CreditAccess India N.V., based in Amsterdam, the Netherlands. The annual financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of CreditAccess India N.V. for the year ended 31 March 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of CreditAccess India N.V. for the year ended 31 March 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 March 2021
- The following statements for the year then ended: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet for the year ended 31 March 2021
- The company profit and loss account for the year then ended
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of CreditAccess India N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to uncertainty about Corona

The developments around the Corona (COVID-19) pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations. The impact may continue to evolve, giving rise to complexity and inherent uncertainty. CreditAccess India Nis confronted with this uncertainty as well.

The financial statements and our auditor's report thereon reflect the conditions at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the notes to the financial statements in Note 4, and specifically about the disclosure about estimated credit loss expense in Note 5.2 and Note 9. We draw attention to these disclosures.

Our opinion is not modified in respect of this matter.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The Directors Report
- Other information as required by to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 14 February 2022

Ernst & Young Accountants LLP

signed by M.L. Milet de St Aubin

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