CreditAccess

CreditAccess India N.V.

Annual Report FY 2019/20

For the year ended 31 March 2020

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Directors Report

"In business for over 11 years, CreditAccess 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 business 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.

We deploy our assets in a country of more than 1 billion individuals and around 107 million unbanked rural population, representing the hidden backbone of the local economy.

The Group structure consists *inter alia* of the parent company CreditAccess India N.V. (Netherland) and of the core operating companies: CreditAccess Grameen Limited (India), listed on the BSE and NSE in India, and the just acquired financial company Madura Microfinance Limited (India).

Core activities

Products & Services

The Group, through its local financial 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 € 100 and € 500;

- Retail-lending products (based on the individual-lending methodology) to small businesses, with a typical loan size between € 500 and € 4,000.

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

Geographical areas

CreditAccess India NV formerly known as Credit Access Asia NV ("CreditAccess" or "CAI" or the "Company") is the holding company and central head office of the Group and is located in Amsterdam, 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 the loans to the end customers.

CA Grameen and MMFL have an outreach of 1,393 branches, in 248 Districts and 14 States & 1 UT of India. Key states by portfolio size are Karnataka 40%, Maharashtra 24.1%, Tamil Nadu 19.9, Madhya Pradesh 7.6% and the remainders contribute to 8.3%.

Customers

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

All our customers are women.

Business Strategy

The Group targets to achieve by 2025 the following goals:

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

Furthermore, the parent company is conducting researches around capital market transactions in the medium term

Future outlook

Despite recent setbacks due to COVID-19 pandemic, the market outlook remains positive. The financial inclusion process is underway across India and the capacity for expanding our outreach is still extremely large.

CA Grameen is the largest microfinance company in India and combined with Madura has leadership position in mature microfinance states of Karnataka, Maharashtra and Tamil Nadu, whilst building its presence across pan India. The expanded branch network, seasoned manpower and experienced management team will help us drive the growth over coming years.

In the wake of COVID-19 pandemic affecting India's macroeconomic activities beginning from March 2020, CA Grameen took necessary measures to ensure well-being and safety of its employees and customers, while abiding by all regulatory guidelines. During national lockdown from 23rd March to 19th April 2020, branch and field operations were temporarily suspended. Moratorium was granted to all customers for payments between 1st March to 31st May 2020 as per RBI guideline. Nearly three quarters of the branches opened after 20th April 2020, in compliance with Government guidelines and local regulation. In May 2020, field visits/meetings with customer were resumed, 98% of the branches were operating with 90% of staff.

CA Grameen continued to maintain customer connect and proactive communication during this period and earmarked funds € 603,000 under CSR to provide COVID-19 related support in form of supply of PPE kits, medical kits and grocery kits to local police stations, municipal and community health workers. CA Grameen employees have contributed € 65,000 to PM CARES Fund as token of their solidarity.

CA Grameen and Madura are predominantly present in rural markets which have always displayed strong resilience to external disturbances. Majority of the customers are engaged in essential activities, which have been allowed to function post 20th April 2020.

Further, various relief measures were taken by government to support people at bottom of the pyramid. Hence, CA Grameen believes the customers to display faster recovery as regards their business activities and economic transactions. The near-term focus will be on ensuring healthy liquidity position at CA Grameen and Madura level and timely collections from field, which will help the Group to provide additional financial support to the customers. Most of our lenders have been supportive throughout the COVID-19 crisis. We were able to raise sufficient funds from domestic and international sources and we are confident we will continue to do so. With our robust operating model, proven execution capabilities, strong customer relationships and strong balance sheet with continued support from lenders, we are well-positioned to demonstrate faster recovery and get back on our growth trajectory.

Course of events during the financial year

This year CA Grameen climbed from second to first position of NBFC-MFI in India by portfolio size with a market share of 13.2% (FY18/19: 11%) in the NBFC-MFI segment.

Highlights

The financial year which has just ended on 31 March 2020 will remain a cornerstone of the CreditAccess story.

1. CA Grameen became the largest microfinance institution in India by Dec 2019 on account of organic growth of 30% YoY of AUM reaching 1,194 million euro by March 2020 as compared to 921 million euro on March 2019.

2. CA Grameen acquired 76% of MMFL in March 2020 which will create value to various stakeholders including shareholders, creditors, customers, and employees as the combined business would benefit from increased scale, wider product diversification, focused growth, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and cost savings through economies of scale amongst others.

3. The Group achieved an all-time high consolidated Net Profit After Taxes of € 37.8 million (FY18/19 € 36.3 mln), positioning the company to a superior level: € 381 million equity (FY18/19:€ 378 mln), € 1,593 million total assets (FY18/19: € 1,106 mln).

4. The Company, as parent company of the Group, has undergone a legal demerger during the financial year resulting into the formation of two independent groups namely CreditAccess India Group and CreditAccess SEA Group.

   Through this demerger CAI reached a high level of simplification in CreditAccess India Group legal and organizational structure that enables to fully focus all resources on the Indian business: CA Grameen, Madura, CreditAccess Life Insurance. At the same time, the demerges redefined the identity of the CreditAccess SEA Group paving the way for a re-set of the strategy and a re-alignment of investors supporting a private equity initiative needing more time to mature.

   Details of the demerger, including group structure before and after demerger, are provided in note 3 of the financial statements.

Summary of reported financial results - Key financial information[1]

Figures in EUR million	CA Grameen FY16/17	CA Grameen FY17/18	CA Grameen FY18/19	CA Grameen FY19/20	CA-India NV FY16/17	CA-India NV FY17/18	CA-India NV FY18/19	CA-India NV FY19/20	Consolidated Figures FY16/17	Consolidated Figures FY17/18	Consolidated Figures FY18/19	Consolidated Figures FY19/20
Interest income and fees	**96.3**	**112.7**	**152.1**	**207.3**	**0.1**	**3.0**	**2.5**	**2.5**	**114.9**	**138.1**	**186.2**	**209.5**
YoY growth %	*50.7%*	*17.0%*	*35.1%*	*36.3%*	*n.a.*	*2.9%*	*(16.6%)*	*0.4%*	*n.a.*	*20.2%*	*34.8%*	*12.4%*
Interest expenses and fees	(43.1)	(47.0)	(50.9)	(73.6)	(7.4)	(2.0)	(3.6)	(2.9)	(53.5)	(51.5)	(59.8)	(76.5)
Net Interest Margin	**53.1**	**65.7**	**101.3**	**133.7**	**(7.3)**	**1.0**	**(1.1)**	**(0.4)**	**61.4**	**86.6**	**126.4**	**133.0**
YoY growth %	*53.8%*	*23.5%*	*54.3%*	*31.9%*	*n.a.*	*86%*	*(210%)*	*(63.6%)*	*n.a.*	*41.0%*	*46.0%*	*5.2%*
Other income	0.1	1.0	5.9	8.4	0.0	0.0	0.1	0.0	0.8	1.9	7.8	8.7
Credit loss expenses	(14.5)	(22.7)	(8.8)	(29.4)	(0.0)	(0.0)	(0.0)	(0)	(15.2)	(23.7)	(11.0)	(29.4)
Net intermediation Margin	**38.8**	**43.9**	**98.4**	**112.7**	**(7.3)**	**1.0**	**(1.0)**	**(0.4)**	**47.0**	**64.7**	**123.2**	**112.3**
Operating expenses	(22.8)	(27.7)	(37.2)	(54.1)	(2.1)	(3.4)	(2.4)	(3.4)	(41.5)	(52.9)	(65.1)	(57.6)
Operating profit	**16.0**	**16.2**	**61.2**	**58.6**	**(9.4)**	**(2.4)**	**(3.4)**	**(3.8)**	**5.5**	**11.9**	**58.1**	**54.7**
Taxation on result	(5.7)	(5.8)	(21.7)	(16.0)	(0.0)	(0.0)	(0.0)	(0.0)	(9.1)	(6.3)	(21.9)	(16.4)
Net Profit After Taxes	**10.3**	**10.4**	**39.5**	**42.6**	**0.5**	**29.1**	**31.4**	**29.1**	**0.6**	**29.2**	**36.3**	**37.8**
YoY growth %	*n.a.*	*1.4%*	*278.3%*	*7.8%*	*n.a.*	*5.7%*	*7.9%*	*(7.3%)*	*n.a.*	*2,522%*	*24.4%*	*4.1%*
Fixed Assets	4.4	3.1	3.5	69.9	18.1	15.5	16.1	8.5	24.7	20.9	21.9	78.4
Gross loan portfolio outstanding[2]	444.9	617.4	855.6	1,366.9	0.0	0.0	0.0	0.0	486.0	667.9	936.4	1,366.9
Impairment allowance	(15.6)	(14.7)	(9.9)	(37.6)	(0.0)	(0.0)	(0.0)	(0.0)	(16.4)	(16.0)	(12.0)	(37.6)
Net loan portfolio outstanding	429.3	602.7	845.8	1,329.4	0.0	0.0	0.0	0.0	469.6	651.9	924.3	1,329.4
YoY growth %	*28.7%*	*40.4%*	*40.3%*	*57.2%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a*	*38.8%*	*41.8%*	*43.8%*
Cash and cash equivalents	47.9	16.2	73.8	77.7	10.8	13.8	41.1	46.0	71.3	34.4	125.6	123.8
All other assets	15.0	11.5	23.6	41.6	200.3	195.9	291.0	283.6	63.7	18.9	33.7	61.5
Total assets	**496.5**	**633.5**	**946.7**	**1,518.6**	**229.3**	**225.2**	**348.2**	**338.1**	**629.3**	**726.1**	**1,105.6**	**1,593.2**
Shareholders' equity	131.3	174.8	304.3	342.9	206.6	191.8	317.8	301.9	205.9	193.8	378.1	381.2
YoY growth %	*104.5%*	*33.1%*	*74.1%*	*12.7%*	*n.a.*	*(7.1%)*	*65.7%*	*(5%)*	*n.a.*	*(5.9%)*	*95.1%*	*0.8%*
Finance debt	358.6	451.9	621.5	1,149.9	0.0	31.5	27.9	33.1	409.4	516.8	693.2	1,183.1
All other liabilities	6.4	6.6	20.3	25.0	22.7	1.9	2.5	3.1	13.5	14.9	33.3	28.1
Post employment benefit obligation	0.2	0.2	0.5	0.8	0.0	0.0	0.0	0.0	0.5	0.6	0.9	0.8
Total liabilities and equity	**496.5**	**633.5**	**946.7**	**1,518.6**	**229.3**	**225.2**	**348.2**	**338.1**	**629.3**	**726.1**	**1,105.6**	**1,593.2**

[1] Figures for the FY19/20 includes MMFS, consolidated both by CA Grameen and CA-India NV and do not include the demerged businesses related to Bina Artha (Indonesia) and One Puhunan (Philippines).
[2] This is excluding off-balance sheet portfolio of loans to customers. When including the off-balance sheet portfolio of EUR 69 mln at Mar20 (Mar19: EUR 65 mln) the YoY growth is 30% (FY 18/19: 51%).

Business Growth

CA Grameen witnessed all-round organic growth during the year, opened more branches, acquired significant numbers of customers and served them through 929 branches across 230 districts in 14 States and Union Territories. The Company 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. The Company's overall performance during the year was robust resulting in improvement in all operational and financial parameters.

The acquisition of MMFL towards the end of the FY 19/20 gave an additional, though remarkable, boost to the growth and outreach expansion of our operations in India.

CA Grameen

	Mar- 20 Incl. MMFL	Mar- 20 Excl. MMFL	Mar- 19 Excl. MMFL	%
	A	B	C	(B-C)/C
Branches	1,393	929	670	39%
Borrowers	4,055,000	2,905,036	2,469,837	18%
Gross AUM (€ in million)	1,447	1,194	921	30%
Employees	14,496	10,824	8,064	34%

Profitability

The total income of CA Grameen increased from of €163.4 million to €203.2 million in FY19/20. The total expenditure for FY19/20 increased from €100 million to €148.8 million. CA Grameen recorded Profit after Tax of €42.6 million for FY19/20 compared to €39.5 million in FY18/19. Considering that the unprecedented situation at the end of the year with COVID-19 pandemic, CA Grameen has booked an additional provision of €10.0 million and MMFL additional provision of €1.2 million in FY19/20.

CA Grameen

	Mar- 20 Incl. MMFL	Mar- 20 Excl. MMFL	Mar- 19 Excl. MMFL
Profit After Tax (€ in million)	42.6	41.6	39.5
Return on Average Assets (incl. off balance sheet)	3.5%	3.6%	5.1%
Return on Average Equity	15.3%	12.9%	16.5%
Capital Adequacy (incl. Sub. Debt)	23.6%	23.6%	32.1%
* Debt to Equity	3.3	2.9	2.0

Quality of Portfolio

The Group adopted IFRS 9 methodologies across all companies to compute and report the quality of the loan portfolio. This represents a significant cultural change whereby management had to shift from "incurred credit loss" models to "expected credit loss" models, taking into account forward looking element within the computation of the impairment allowance. Further details are provided in note 2 of these financial statements.

COVID-19 pandemic is unprecedent event and the Group estimates of impairment of loans to customers are highly dependent on uncertain future developments.

CA Grameen:
The portfolio quality continued to remain healthy in FY19/20 despite couple of external disturbances caused during the second and third quarter. During second quarter the company had witnessed the impact of floods in certain districts if Northern Karnataka and Southern Maharashtra. The situation gradually improved with 75-80% customers regularizing their accounts. During third quarter the company faced external interference in two districts in coastal Karnataka, caused by certain external elements who started misguiding customers for loan waiver under Karnataka Debt Waiver Scheme. The situation was later brought under control through intervention by industry regulatory bodies.

Notwithstanding these two specific issues, the overall asset quality remained robust with overall GNPA (>60 dpd) of 1.57% at end of FY19/20, compared to 0.61% at end of FY18/19. Overall ECL provisioning was more than adequate to cover the GNPA hence Net NPA was at 0% at March 2020 (March 2019: 0%).

ECL rate at end of FY1920 was 2.86% compared to 1.17% at end of FY18/19. FY19/20 ECL consisted of 1.99% provisions for existing portfolio and additional 0.87% provisioning on account of COVID-19 impact. Overall collection efficiency for FY19/20 was 98.61% compared to 98.81% in FY18/19.

Madura:
The overall asset quality remained robust with overall GNPA (>90 dpd) of 1.60% at end of FY19/20, compared to 0.91% at end of FY18/19. Overall ECL provisioning was more than adequate to cover the GNPA hence Net NPA was at 0% at March 2020 (March 2019: 0%).

ECL rate at end of FY19/20 was 2.35% compared to 1.44% at end of FY18/19. FY19/20 ECL consisted of 1.83% provisions for existing portfolio and additional 0.52% provisioning on account of COVID-19 impact.

	CA-Grameen (stand alone)		MMFL (stand alone)	
	Mar-20	Mar-19	Mar-20	Mar-19
Gross NPA	1.57%	0.61%	1.60%	0.91%
Net NPA	0.0%	0.0%	0.0%	0.0%
	FY 19/20	FY 18/19	FY 19/20	FY 18/19
Credit Loss	2.95%	1.21%	2.72%	2.10%

Net NPA: It is the ratio of Gross NPA minus Impairment Allowance by portfolio outstanding.

Credit Loss: It is the ratio of credit loss expenses 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 € 1,184 million at 31 March 2020.

Currently, the Group's borrowing needs are financed by around 50 lenders, mainly consisting of local and international banks, international MIVs (Microfinance Investment Vehicles) and DFIs (Development Finance Institutions). During FY19/20, 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. CA Grameen issued Non-Convertible Debentures of USD 30million to Dutch development bank FMO in November 2019.

Liquidity and solvency

The Group has maintained a very strong capital and cash position with consolidated closing Debt to Equity of 1:3.1 (FY18/19 1:1.8) and CRAR of the operating companies CA Grameen and MMFL at 23.60% (31 March 2019; 35.26%) and 23.01% (31 March 2019; 19.45%) respectively.

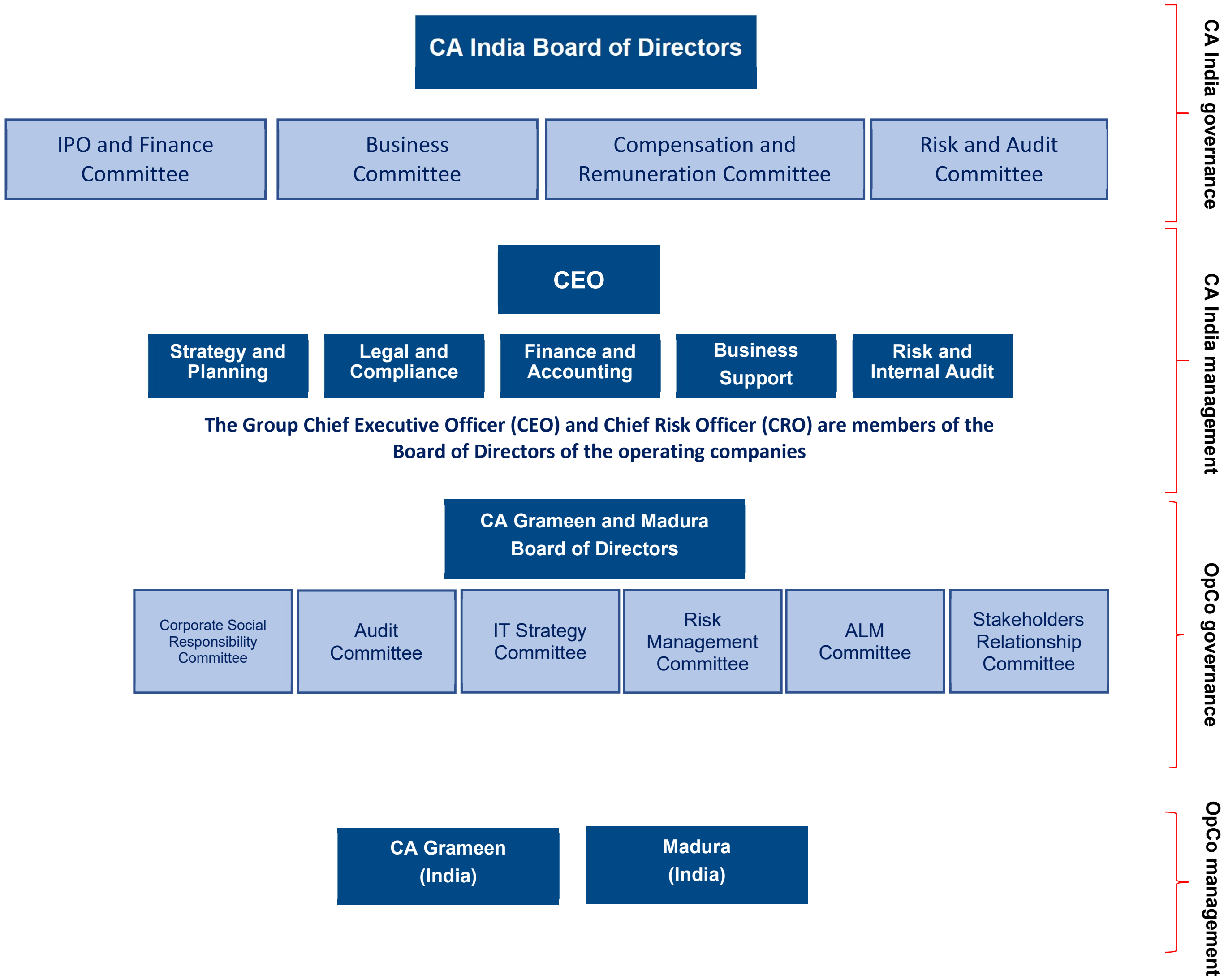
The asset-liability structure is consistently positive due to the nature of loan products offered by the Group that is typically shorter than 24 months, whereas the financial resources mobilized by the Group have a maturity between 2 and 5 years. As a result the assets exceeds liabilities in all maturity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

At year end the Group reported a sound cash and cash equivalent balance of € 124 million (FY18/19: € 126 million).

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 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 Company connects the two levels of governance to provide effective control and management. The chart below broadly depicts the corporate governance structure of the Group.



Board of Directors

The holding company is managed by a one-tier board which reports to the General Meeting of Shareholders. The CEO is the sole Executive Director, while all other Board members are Non-Executive Directors The composition of the Board has changed this financial year with Mr. Mario Raffaele Spongano having been appointed as SH Director in March 2020. The Board now comprises of the following:

Board members	Date of appointment
Mr. K.J.M. Slobbe (Chairman)	12-06-2014
Mr. P. Brichetti (CEO)	12-06-2014
Mr. G. Siccardo	11-10-2014
Mr. F.G.M. Moccagatta	11-10-2014
Mr. D.R. Mintz	24-12-2015
Mr. F. Carini	24-03-2017
Mr. J.L. Epstein	24-03-2017
Ms. E.C.M. Boerhof	14-12-2017
Mr. M.R. Spongano	18-03-2020

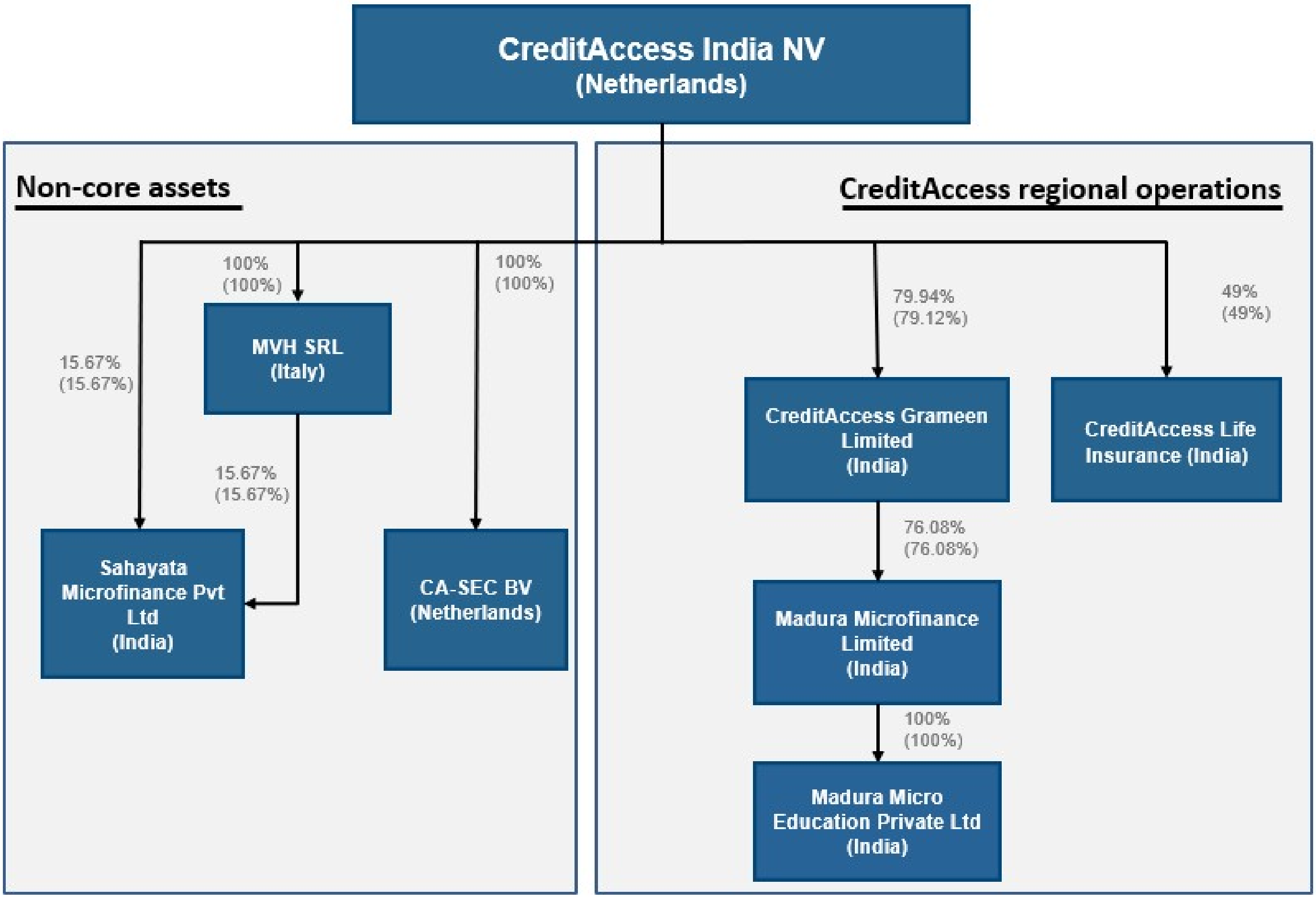
The Company aims to have a gender balance by having at least 30% men and at least 30% women amongst its Board members. However, due to the fact that the Company needs to balance several relevant selection criteria when composing its Board (including, but not limited to, gender balance, executive experience, experience in the financial services and general industry), the composition of the Board - one female and eight male Board members - did not meet the gender balance objective in financial year FY19/20.

We will continue our mission to eventually have more gender balance among our board members, by continued effort in having female potential candidates apply in case of a vacancy.

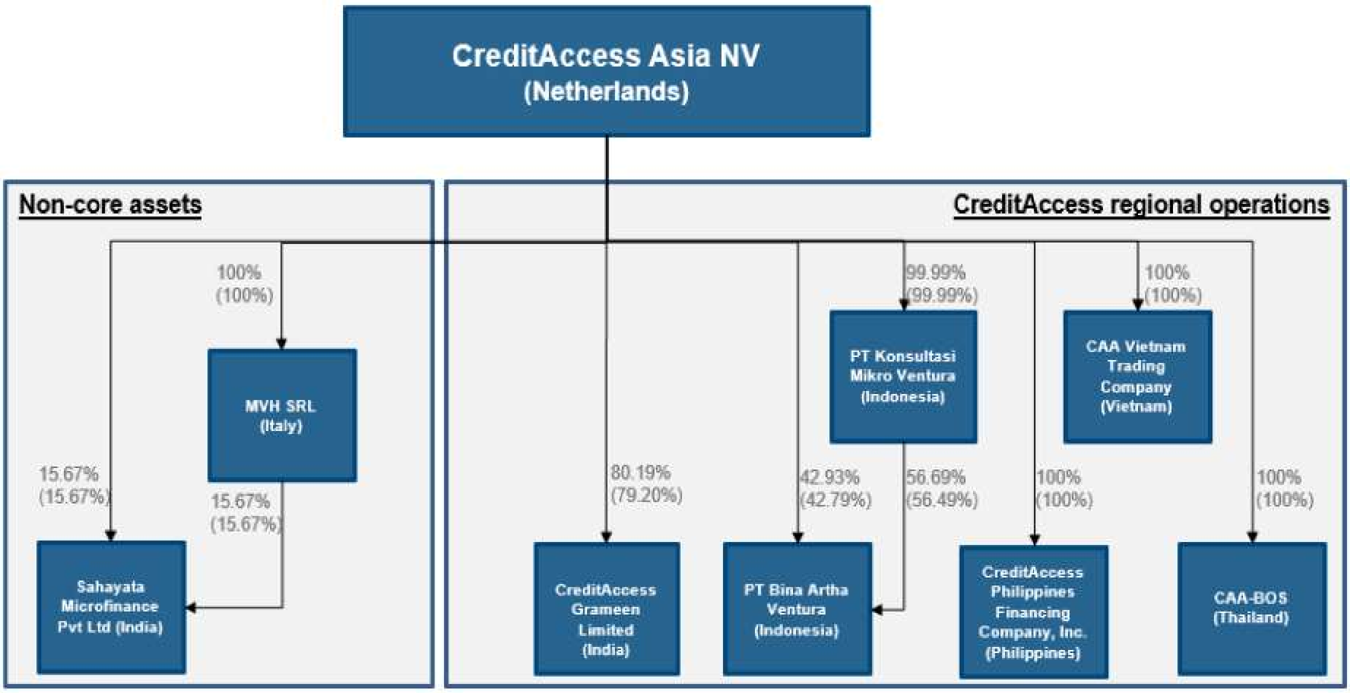
Compensation of Directors

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 per Board and Committee position and the actual amounts are disclosed in note 31 of this financial statements. 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 FY19/20.

Legal organizational structure as at 31 March 2020:

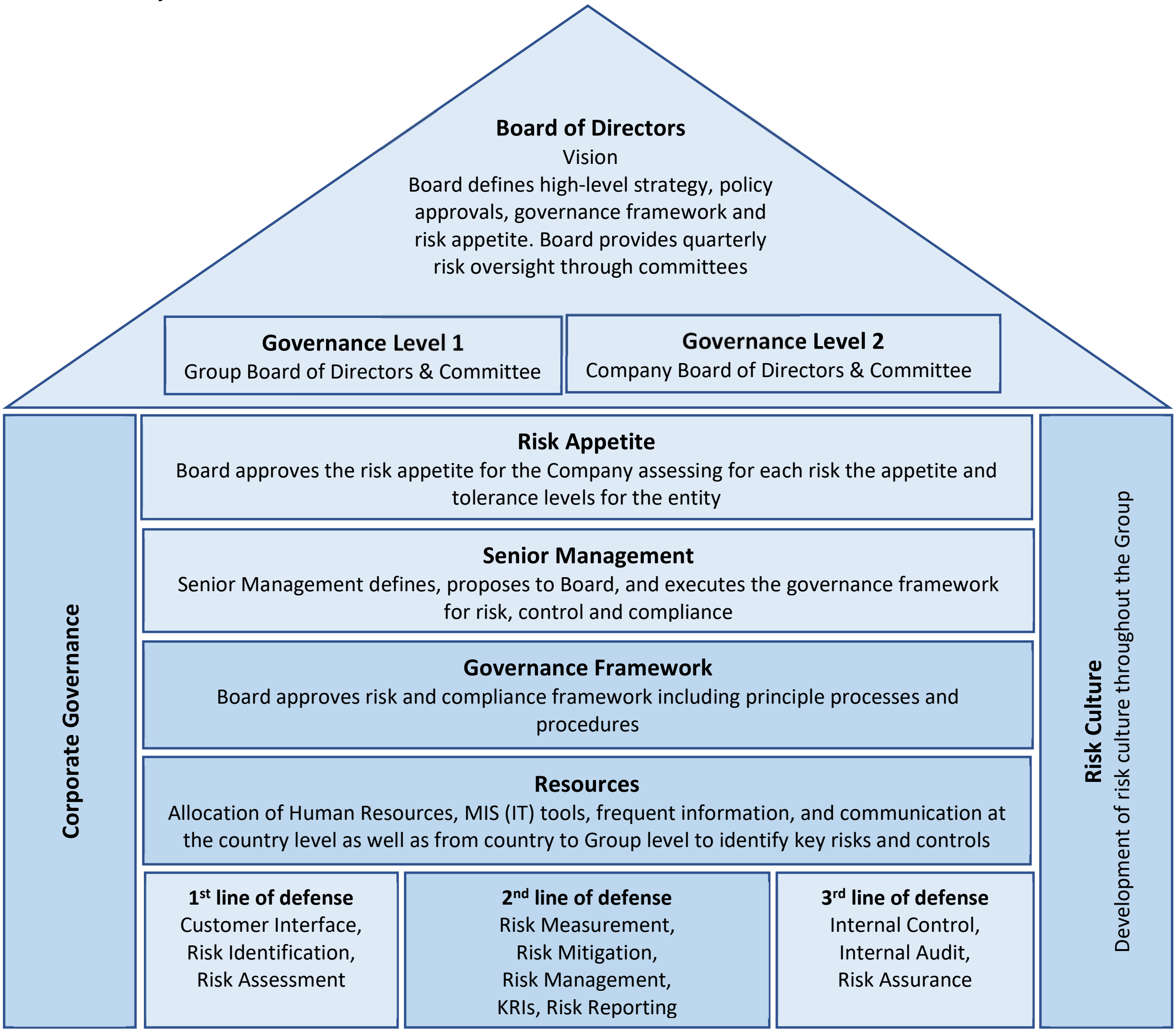


Legal organizational structure as at 31 March 2019:



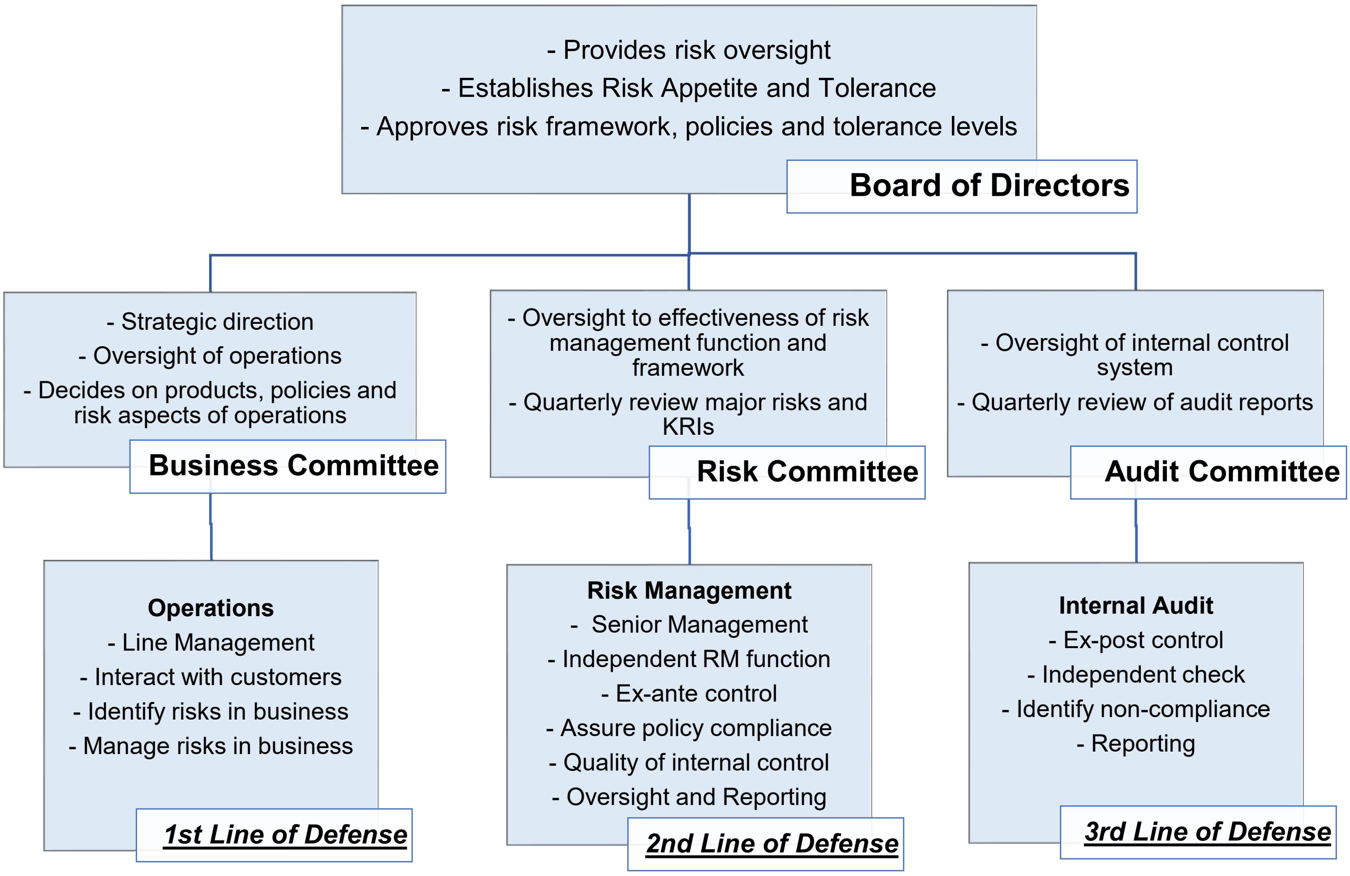
Risk management framework

The Group follows a comprehensive risk framework which is a systematic approach adopted to mitigate risks associated with the accomplishment of objectives, operations, revenues, and regulations. The risk 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 achieve stated objectives.



Three Lines of Defense

The risk governance of the Group is organized in three lines of defense:



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. More extensive table presenting risk mitigation by group companies is provided in note 5 of this report.

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

Corporate social responsibility

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

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 been 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.

The Group has spent in India an amount of EUR 0.7 million during FY19/20 as part of its CSR activities.

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.

Financial and non-financial performance indicators regarding environment and personnel

CA Grameen has consistently increased its share in rural areas over last five years, as of March 31,2020, borrowers serviced by CA Grameen in rural areas was 82% (FY 18/19: 82%) up from 74% in FY 15/16.

Expansion of CA Grameen operations to new customers, in current and new states, is a testimony of how relevant the service is offered to the target customers: FY19/20 borrowers 2,905,036 marking an increase of 18% from FY18/19 2,469,837 for CA Grameen only.

Furthermore, the customers we already serve have demonstrated very high fidelity to CA Grameen : adaptation of life cycle approach while designing products, effective delivery of services and constant social focus approach towards customers has enabled CA-GR to maintain borrower retention rate of above 80% for 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-day week. CA Grameen has been certified as “Great Places to Work” by the Great place to work Institute of India and has qualified as 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 endeavor. There are no pending concerns under labour compliances, sexual harassment and disciplinary issues.

Board of Directors:

Executive Board:

P. Brichetti (Chief Executive Officer of the Company)

Non-executive Board:

K.J.M. Slobbe (Chairman of the Company)

F. Carini

J. Epstein

D.R. Mintz

F.G.M Moccagatta

G. Siccardo

E.C.M Boerhof

M.R. Spongano

The financial statements were approved for issue by the Board of Directors on 31 July 2020.

Financial Statements

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

Statement of profit or loss	Note	2019/2020 EURO	2018/2019 EURO
Interest income and fees	6	209,595,718	186,236,774
Interest expenses and fees	7	-76,500,889	-59,800,458
Net interest income and fees		**133,094,829**	**126,436,316**
Other income	8	8,654,339	7,752,795
Total income		**141,749,168**	**134,189,111**
Credit loss expenses	9	-29,427,970	-10,957,491
Gross result		**112,321,198**	**123,231,620**
Personnel expenses	10	35,110,872	42,135,296
Depreciation and amortization	11	2,691,160	3,038,238
Other operating expenses	11	19,809,803	19,915,337
Total operating expenses		**57,611,835**	**65.088.871**
Operating result before value adjustments		**54,709,363**	**58,142,749**
Results from foreign currency denominated transactions		-300,901	39,552
Share in result of associates	41	-92,753	-
Result before taxation		**54,315,709**	**58,182,301**
Taxation on result	12	-16,435,400	-21,901,198
Net result for the period		**37,880,309**	**36,281,103**
Net result for the year attributable to:			
Owners of the parent		29,144,910	31,376,047
Non-controlling interest		8,735,399	4,905,056
		37,880,309	**36,281,103**

Statement of other comprehensive income /(loss)	Note	2019/2020 EURO	2018/2019 EURO
Items that will or may be reclassified to profit or loss:	27		
Foreign exchange gains/(losses) arising on translation of foreign operations		-14,749,403	-8,498,719
Cash-flow hedge reserve - Effective portion of changes in fair-value		324,589	-148,480
Net change in cost of hedging		136,489	-103,221
Remeasurement of defined benefit pension schemes		3,163	28,816
Net fair-value changes from loans to customers at fair-value through OCI		-4,420,294	-1,652,089
Income tax relating to components of other comprehensive income		945,781	568,040
Other comprehensive income/(loss) for the year, net of tax		**-17,759,675**	**-9,805,653**
Total comprehensive income/(loss) for the year		**20,120,634**	**26,475,450**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		12,081,947	21,974,903
Non-controlling interest		8,038,687	4,500,547
		20,120,634	**26,475,450**

Consolidated statement of financial position

	Note	31 March 2020 EURO	31 March 2019 EURO
Assets			
Intangible fixed assets	13	67,859,308	17,300,801
Tangible fixed assets	14	10,559,853	4,595,223
Financial assets at fair value through profit or loss		5,495,330	25,734
Loans to customers – Gross		*1,366,999,180*	*936,354,402*
Impairment allowance		*-37,565,612*	*-12,021,318*
Loans to customers - Net	17	1,329,433,568	924,333,084
Loans to CreditAccess SEA Group	42	16,828,004	-
Investments in associates	41	30,047	-
Deferred tax assets	24	6,928,824	6,455,420
Derivative financial instruments	18	268,790	3,116
Other assets	19	31,939,868	27,258,204
Cash and cash equivalents	33	123,824,257	125,640,122
Total assets		**1,593,167,849**	**1,105,611,704**
Liabilities			
Finance debt	22	1,183,134,491	693,227,893
Deferred tax liabilities	24	-	9,384
Post-employment benefit obligations	29	756,329	945,146
Derivative financial instruments	18	588,191	1,810,369
Other liabilities	21	27,483,491	31,508,744
Total liabilities		**1,211,962,502**	**727,501,536**
Assets minus liabilities		**381,205,347**	**378,110,168**
Capital and reserves attributable to owners of the Company			
Share capital	25	45,840,568	41,942,188
Share premium	26	114,729,160	138,536,809
Treasury shares	26	-320,433	-321,452
Revaluation reserve	26	-3,392,173	-539,977
Translation reserve	26	-36,965,740	-26,692,013
Merger reserve	26	798,915	798,915
Cash flow hedge reserve	26	191,614	-132,973
Cost of hedging reserve	26	33,268	-103,221
Other reserves	26	96,699,538	108,941,112
Retained earnings	26	84,301,672	55,396,243
Controlling interest		**301,916,389**	**317,825,631**
Non-controlling interest	16	**79,288,958**	**60,284,537**
Total equity		**381,205,347**	**378,110,168**
Total equity and liabilities		**1,593,167,849**	**1,105,611,704**

For current vs non-current refer note 5.4.

Consolidated statement of cash flows

	Note	2019/2020 EURO	2018/2019 EURO
Cash flows from operating activities			
Interest received from loans to customers (incl. loans to CreditAccess SEA Group)		205,217,679	188,682,762
Interest received from investments		933,996	803,760
Cash paid for interest on borrowings		-72,585,237	-58,067,488
Payments to suppliers and employees		-52,505,569	-52,281,860
Income tax paid		-21,246,041	-22,486,331
Principal disbursed to customers (incl. loans to CreditAccess SEA Group)		-1,306,904,194	-1,138,601,634
Principal repaid by customers (incl. loans to CreditAccess SEA Group)		962,168,236	886,766,658
Net cash flow from operating activities		**-284,921,130**	**-195,184,133**
Cash flow from investing activities			
Purchases of tangibles and intangibles		-2,772,893	-3,112,508
Proceeds from sale of tangibles and intangibles		15,385	48,949
Net proceeds from sale of shares in subsidiary, while still maintaining control		-	56,450,626
Net proceeds from transfers of financial assets		8,571,571	1,303,258
Net proceeds / (placements) or margin money deposits and other liquid investments		3,025,905	-3,554,858
Net payments for acquisition of shares in subsidiaries, acquiring control *(Madura through CA Grameen)*		-81,796,011	-
Net investments in associates		-126,795	-
Net cash flow from investing activities		**-73,082,838**	**51,135,467**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares		-	-
Net proceeds from issue of shares by subsidiaries to non-controlling interest holders		455,942	74,218,498
Proceeds from borrowings		792,695,920	583,678,712
Repayments of borrowings		-417,490,742	-425,993,206
Net cash flow from financing activities		**375,661,120**	**231,904,004**
Net increase/(decrease) in cash and cash equivalents		**17,657,152**	**87,855,338**
Cash and cash equivalents at the start of the period		**111,224,751**	**34,426,354**
Net foreign exchange (losses)/gains on cash and cash equivalents		-5,057,646	3,358,430
Cash and cash equivalents at end of the period	33	**123,824,257**	**125,640,122**
Impact of the Demerger			-14,415,371

The cashflow statement for 31 March 2019 has been revised due to the method change, resulting in a reclass of Euro -3,554,858 from cash flow from operating activities to cash flow from investing activities.

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 2019	**41,942,188**	**138,536,809**	**-321,452**	**-539,977**	**-26,692,013**	**798,915**	**-132,973**	**-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	**41,942,188**	**109,718,440**	**-321,452**	**-617,534**	**-24,990,975**	**798,915**	**-132,973**	**-103,221**	**105,275,139**	**55,156,762**	**286,725,289**	**60,283,676**	**347,008,965**
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	-	-	-	-	-	-14,749,404	-	-14,749,404
Total comprehensive income for the year	**-**	**-**	**-**	**-2,774,639**	**-11,974,765**	**-**	**-**	**-**	**-**	**29,144,910**	**14,395,506**	**8,735,399**	**23,130,905**
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	-	-	-	-
Net change in cash-flow hedge reserve (note 18)	-	-	-	-	-	-	324,589	-	-	-	324,589	-	324,589
Net change in cost-of-hedging reserve (note 18)	-	-	-	-	-	-	-	136,489	-	-	136,489	-	136,489
Total other movements	**3,989,380**	**5,010,720**	**1,019**	**-**	**-**	**-**	**324,589**	**136,489**	**-8,575,602**	**-**	**795,595**	**-**	**795,595**
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**	**191,616**	**33,268**	**96,699,537**	**84,301,672**	**301,916,389**	**79,288,958**	**381,205,347**

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 2018	**41,942,188**	**138,536,809**	**-321,452**	**113,882**	**-18,847,035**	**798,915**	**15,506**	**-**	**10,016,583**	**19,588,068**	**191,843,464**	**1,958,557**	**193,802,021**
Impact from adoption of IFRS 9, net of tax	-	-	-	-	-	-	-	-	-	4,432,128	4,432,128	-	4,432,128
Adjusted opening balance	**41,942,188**	**138,536,809**	**-321,452**	**113,882**	**-18,847,035**	**798,915**	**15,506**	**-**	**10,016,583**	**24,020,196**	**196,275,592**	**1,958,557**	**198,234,149**
Capital increases/decreases (note 25)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by owners	**41,942,188**	**138,536,809**	**-321,452**	**113,882**	**-18,847,035**	**798,915**	**15,506**	**-**	**10,016,583**	**24,020,196**	**196,275,592**	**1,958,557**	**198,234,149**
Net result for the year	-	-	-	-	-	-	-	-	-	31,376,047	31,376,047	4,905,056	36,291,103
Other comprehensive Income/(loss) for the year (note 27)	-	-	-	-653,859	-7,844,978	-	-	-	-	-	-8,498,837	-	-8,498,837
Total comprehensive income for the year	**-**	**-**	**-**	**-653,859**	**-7,844,978**	**-**	**-**	**-**	**-**	**31,376,047**	**22,877,210**	**4,905,056**	**27,782,266**
Share-based payments (note 30)	-	-	-	-	-	-	-	-	202,679	-	202,679	-	202,679
Increase from sale of shares in CA Grameen on IPO (note 16)	-	-	-	-	-	-	-	-	98,721,850	-	98,721,850	-	98,721,850
Net change in cash-flow hedge reserve (note 18)	-	-	-	-	-	-	-148,479	-	-	-	-148,479	-	-148,479
Net change in cost-of-hedging reserve (note 18)	-	-	-	-	-	-	-	-103,221	-	-	-103,221	-	-103,221
Total other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-148,479**	**-103,221**	**98,924,529**	**-**	**98,672,829**	**-**	**98,672,829**
Movements in NCI (note 16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**53,420,924**	**53,420,924**
31 March 2019	**41,942,188**	**138,536,809**	**-321,452**	**-539,977**	**-26,692,013**	**798,915**	**-132,973**	**-103,221**	**108,941,112**	**55,396,243**	**317,825,631**	**60,284,537**	**378,110,168**

Notes forming part of the consolidated financial statements

Notes forming part of the Consolidated Financial Statements

1. General

CreditAccess India N.V. (the "Company" or "CreditAccess" or "CAI") previously known as CreditAccess Asia N.V. 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 finance the businesses part of CreditAccess India Group (note 3.2). CreditAccess India Group provides working capital loans and other financial services to small, informal businesses and unbanked workers in India.

During the current Financial year there have been changes to the group structure, due to demergers and acquisitions, for details see note 3.2.

This Annual Report covers the financial year 2019/2020, running from 1 April 2019 to 31 March 2020.

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

a) New standards, interpretations and amendments effective from 1 Jan 2019

The new standard on Leases i.e. IFRS 16 was issued in 2016 and was adopted from 1st April 2019 by the EU and hence by the Group. For detailed disclosures, refer to this note and note 14.

Other new standards and interpretations are either not applicable to the Group or the impact is not material for the Group, for the year ended March 31, 2020.

The new pronouncements issued before 31 March 2020 and effective for Financial Year 2019/2020 are:

- IFRS16 Leases "ED - 1 Jan 2019"
- *IFRIC 23 Uncertainty over Income Tax Treatments "ED - 1 Jan 2019"*
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation "ED - 1 Jan 2019"
- *Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures "ED - 1 Jan 2019"*
- AIP IAS 12 (2015-17 cycle): IFRS 3 Business Combinations – Previously held interests in a joint operation "ED - 1 Jan 2019"
- *AIP IAS 12 (2015-17 cycle): Income Taxes – Income tax consequences of payments on financial instruments classified as equity "ED - 1 Jan 2019"*
- AIP IAS 23 (2015-17 cycle): Borrowing Costs – Borrowing costs eligible for capitalisation "ED - 1 Jan 2019"
- *Amendments to IAS 19 – Plan amendment, Curtailment or Settlement* "ED - 1 Jan 2019"

IFRS 16 Leases

The new standard IFRS 16 'Leases' has been issued in January 2016 by the IASB and requires lessees to recognize assets and liabilities for most leases. The standard is effective for the FY19/20.
The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration.

The Group operates through a vast franchise of branches that enables the staff to reach customers at their own businesses and homes in the most capillary manner. As a result, the Group enters into contracts to rent the premises where the branches are opened. These rental contracts are the major source of leases held by the Group. Furthermore, the Group rent the buildings where the head offices and certain regional processing centers are located, it also rents servers and licenses.

IFRS 16 required the Group as a lessee to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value:

Following summary provides the exemptions claimed and the items covered under IFRS16 by each entity in the Group:

	Claimed Exemption		Items covered under IFRS 16	
Entity	**Short term**	**Low Value**	**Buildings (rent)**	**Servers & Licenses**
CAI	No	No	Yes	No
CA-GR	Yes	No	Yes	Yes
MMFL	No	Yes	Yes	No

CAI and CA Grameen elected to apply modified retrospective approach pursuant to para C5 and C8 (a) and b(ii) for all lease contracts which means the standard is applied retrospectively where the adjustment made to retained earnings is zero because the liabilities recognized at the initial application date are equal to the amount of right of use assets recognized at that date.. MMFL applied retrospective approach and hence made an adjustment to the opening balance of retained earnings amounting to Euro 20,761 at the date of the initial application and recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets at the date of initial application.

The lease liabilities were measured by CA Grameen and MMFL at the present value of the remaining lease payments, discounted using the rate applicable for NBFC's borrowing for a similar tenure of loans as is the lease period as at initial application date. The discount rate used for CAI is its incremental borrowing rate.

. The Group separately recognized the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of IFRS 16, the impact of the new standard on financial statements of FY19/20 is as below:

As at 1 April 2019:

- 'Right-of-use assets' were recognized and presented separately in the statement of financial position amounting to Euro 6,673,783
- Additional lease liabilities were separately recognized amounting to Euro 6,401,476
- There were no 'Prepayment' and 'Trade and other payables' related to previous operating leases and hence no derecognition required.
- There was no material impact on 'Retained earnings' and 'Non-controlling interests' due to the net impact of these adjustments. The limited impact on the retained earnings amounts to Euro -21,841

For the year ended 31 March 2020:

- Depreciation expense increased because of the depreciation of additional assets recognised amounting to Euro 989,097
- Rent expense decreased by Euro 664,722
- 'Finance costs' increased by Euro 723,745 relating to the interest expense on additional lease liabilities recognised.
- the expense relating to short-term leases accounted for applying paragraph 6 of the Standard is Euro 1,640,726.
- Net cash outflow resulting from IFRS16 application for the year is Euro 834,094

Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities arising from:

- variable lease payments – nil.
- extension options and termination options – nil (these have been accounted for in lease assets and liabilities);
- residual value guarantees – nil; and
- leases not yet commenced to which the lessee is committed - nil.

For further details refer note 14.

IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determined whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applied significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Prepayment Features with Negative Compensation - Amendments to IFRS 9 (effective from 1 January 2019).

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The clarification has limited impact on the financial statements of the Group.

Long-term interests in associates and joint ventures - Amendments to IAS 28 (effective from 1 January 2019).

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.
The clarification has limited impact on the financial statements of the Group.

2015-2017 cycle (issued in December 2017) (effective from 1 January 2019).

Amendments from the 2015-2017 annual improvements cycle includes IFRS 3. Business Combinations, IAS12. Income Taxes and IAS23. Borrowing Costs.
The amendments have limited impact on financial statements.

Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 (effective from 1 January 2019).

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.
The amendment has limited impact on the financial statements of the Group.

b) New standards, interpretations and amendments not yet effective

As of 31 March 2020, 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 of the standards. New standards, interpretations and amendments which are not adopted or listed below, the Group expects those not to have a material impact on the CreditAccess financial statements.

- *Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* "Transition period before IFRS 17 effective date"
- IFRS 17 Insurance Contracts "ED – 1 Jan 2021"
- *Amendments to References to the Conceptual Framework in IFRS Standards* "ED - 1 Jan 2020"
- Amendments to IAS 1 and IAS 8 – Definition of Material "ED - 1 Jan 2020"
- *Amendments to IFRS 3 – Definition of a Business* "ED - 1 Jan 2020"

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 (IFRSs), 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 differences between applicable EU-IFRS and the accounting standards of the subsidiaries.

These consolidated financial statements are based on the 'going concern' principle. Refer to 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 EURO which is also the Company's functional currency. Amounts are rounded to the nearest Euro, unless otherwise stated.
Foreign exchange rate against Euro applicable to the Group is:

	As per 31Mar20	**As per 31Mar19**	**Average 01Apr19/ 31Mar20**	**Average 01Apr18/ 31Mar19**
INR (India)	82.899	77.719	78.800	80.967
IDR (Indonesia)	-	15,998.64		
PHP (Philippines)	-	59.075		
VND (Vietnam)	-	26,058		

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 far 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 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 3.2 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, (the "CreditAccess India Group" or "Group") and are prepared using consistent Group accounting policies.
Based on IFRS 10, the 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 reassess 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 of 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 transactions between consolidated entities are eliminated in full on consolidation.

The Group has completed a legal demerger during the year. The details of the demerger are provided in Note 3.4. FY 18/19 numbers have been rearranged only in the notes to provide comparative figures for consolidated and stand-alone financials after the demerger.
The subsidiary company CreditAccess Grameen Limited has acquired 75.64% stake (and obtained control) on 18th March 2020 from existing shareholders of Madura Microfinance Limited. The acquisition will provide access to a large and unique client base of the MMFL and would result in the geographical diversification of the portfolio of the parent entity and strengthens its leadership position in the microfinance market. The Group, therefore, includes MMFL via CA-GR in these consolidated financial statements (refer to structure chart below).

Group has also invested in CreditAccess Life Insurance (CALI) in India however the Group has not obtained control of the entity and only exercises significant influence, therefore, the Group is not consolidating CALI but accounting for the investment using the equity method.

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

			Shareholding as at	
Consolidated entities:	**Abbreviation**	**Place, country**	**31 March 2020**	**31 March 2019**
CreditAccess India N.V. (formerly known as CreditAccess Asia N.V.)	CAI or CreditAccess or Company	Amsterdam, Netherlands	100.00 %	100.00 %
CreditAccess Grameen Ltd.	CA Grameen or CA-GR	Bangalore, India	79.94 %	80.19 %
Madura Microfinance Limited	Madura or MMFL	Chennai, India	76.08 %	0.00 %
Madura Micro Education Private Ltd	MMEPL	Chennai, India	75.64 %	0.00 %
MVH S.R.L.	MVH	Brescia, Italy	100.00 %	100.00 %
CA-SEC B.V.	CA-SEC	Amsterdam, Netherlands	100.00 %	N.A.
PT Konsultasi Mikro Ventura	KMV	Jakarta, Indonesia	0.00 %	99.99 %
PT Bina Artha Ventura	CA-Indonesia	Jakarta, Indonesia	0.00 %	99.59 %
CreditAccess Philippines Financing Co. Inc.	CA-Philippines	Pasig City, Philippines	0.00 %	100.00 %
CAA Vietnam Trading Company Ltd.	CA-Vietnam	Ho Chi Min City, Vietnam	0.00 %	100.00 %
CAA BOS Ltd.	CAA-BOS	Bangkok, Thailand	0.00 %	100.00 %

			Shareholding as at	
Non-consolidated entities:		**Place, country**	**31 March 2020**	**31 March 2019**
Sahayata Microfinance Pvt. Ltd.		Udaipur, India	31.34 %	31.34 %
CreditAccess Life Insurance Ltd.	CA-LI	Bangalore, India	49.00 %	0.00%

For graphical presentation of the legal organizational structure as at 31.3.2019 and as at 31.3.2020 refer the Directors Report at page 11.

The shareholding percentage of CreditAccess India 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.

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 0 euro.

During the FY19/20 the Company has completed a legal demerger resulting in the transfer outside the Group and the consolidation perimeter of the, previously to demerger, controlled companies: PT Bina Artha Ventura (Indonesia), PT Konsultasi Mikro Ventura (Indonesia), CreditAccess Philippines Financing Co. Inc. (Philippines), CAA Vietnam Trading Company Limited (Vietnam), CAA-BOS Limited (Thailand).

For further information about the demerger refer to note 3.4 of these financial statements.

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

New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 16, effective for annual periods beginning on or after 1 January 2019, for the first time.

The Group has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective.

The details on new standards and amendments are disclosed in note 2.

3.4 Significant accounting policies

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

Interest income /expenses and fees

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 from operations

Other income includes a) fee income charged in compensation for services other than on 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.

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 fee and commission income are included in the cost of revenues. Revenue 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, revenue 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.

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 arising 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.

Results from financial instruments

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

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.

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 must be 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 FVTOCI

A debt instrument that meets the following two conditions must be 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 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, an 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.

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 FY19/20 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.

Impairment of loans to customers

The Group applies IFRS 9 from 1 April 2018.

Impairment methodology

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

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 at 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 90 days on any material credit obligation to the company.

The Group offers loans with weekly and monthly repayment frequency.

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.

As on march 2020, the DPD was calculated excluding the effect of moratorium, i.e. if a loan was 0 DPD on the date the moratorium became effective and then the borrower did not settle the repayments due during the moratorium, such loan was regarded at 31 March 2020 as 0 DPD. Therefore, the moratorium halted the spill over of portfolio from stage 1 to 2 and from stage 2 to 3.

Probability of Default

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each loan account 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 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.

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, the client's business and particularly whether the loan amount had been utilized for the purpose the loan was requested. 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 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 simple average of past observations of Stage 3 loans as further detailed below.

<u>In relation to CreditAccess Grameen Limited:</u>

<u>Group loans (JLG)</u>

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 2020 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 and recovery rate is computed for each year.
3. LGD = 1- Recovery rate which is computed for each period of observation.

<u>Individual loans</u>

LGD is computed as below:
1. All Loans which are above 90 DPD as on 31 March 2018, are taken and the difference in the principal outstanding as on 31st March 2018 and 31st March 2020 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 90 DPD as on each month end from March 31, 2018 till February 29, 2020 and recovery rate is computed for each month.
3. LGD = 1- Recovery rate which is computed for each period of observation.

<u>In relation to loan portfolio of Madura MicroFinance Limited:</u>

1. Recovery rate is determined from the recovery of stage3 loans measured for a period of three years from the month of default.
2. Period considered for measurement is from April 2012 till March 2020 monthly cut-off data.
3. LGD = 1- Recovery rate which is computed for each period of observation.
4. From all observations collected, the latest observation of recovery rate is taken in ECL estimate.

Grouping financial assets measured on a collective basis:
For the purpose of the ECL, the Group considers three distinct group of loans to customers with shared risk characteristics within each group namely Group Loan of CA Grameen, Retail Finance Loans (individual loans) of CA Grameen and Group Loans (Self-Help group SHG) of MMFL.

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, operating entity structured and documented a governance process whereby senior management met, received inputs, analyzed them and eventually reached a consensus on the determination of a quantitative overlay.

For FY19/20, in the light of such structure, the senior management observed that the novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organization on March 11, 2020), has contributed to a significant decline in economic activity in global and Indian markets. The Government of India announced a strict 40-day nation-wide lockdown to contain the spread of the virus till May 3, 2020, which was further extended till May 31, 2020. This has led to significant disruptions and dislocations for individuals and businesses, impacting Group's regular operations including lending and collection activities due to inability of employees to physically reach borrowers.

As a consequence of COVID-19 lock-downs and regulatory circulars, the Group has extended moratorium to its borrowers in accordance with policies approved by the respective Board of Directors of the subsidiary company, however, providing moratorium to borrowers at a mass scale based on regulatory directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers.

The Group has recorded a management overlay allowance of approximately Eur 11 million as part of its Expected Credit Loss, to reflect, among other things, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic based on the information available at this point in time.

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 earlier subsidiaries have been retained, after Demerger, in CAI group while subordinated loans were transferred to CreditAccess SEA BV. The senior loans amount to Euro 16.8 million as at 31 March 2020 and are in local currency. The foreign currency open positions arising due to these loans are hedged (refer to hedging section of this note).

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 to 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 two additional models to assess the ECL.

Equity Buffer ECL model:
It is considered three different scenarios (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 at 31.3.2020 the ECL resulting from the likely and stressed scenarios is fully absorbed by the equity buffer.

Credit Rating ECL model:
In the absence of a specific credit rating on the borrower, it is taken the relevant country credit rating and notched two levels down to derive a proxy for the credit rating of the borrowers (i.e. Ba1 for both BAV and OP). From that credit rating it is derived the 12M idealized cumulative expected loss rates published by the same rating agency for the relevant credit rating level.

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. The Credit Rating model yields a 0.48% ECL rate for both borrowers, i.e. 33,299 EUR on BAV receivable and 47,223 EUR on OP receivable. The amount was considered not material hence not booked in the consolidated and stand-alone financial statements.

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.

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.

CA Grameen and MMFL continued to enter into two types of transactions for transfer of own originated financial assets, namely securitization and direct assignment during the financial year 2019-2020 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. CA Grameen and MMFL interests in the securitized assets was 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 fulfill 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:

	2019/2020 EURO	2018/2019 EURO
No. of SPVs sponsored by CA-GR for securitization transactions.	9	7
Number of loans	253,325	780,112
Coupon rate range	9.25%-10.0%	8.7%-9.4%
Cash collateral	2,528,799	4,864,591
Outstanding amount of securitized loans to customers as at end of the year	11,838,939	25,888,602

No loan in securitization deals have defaulted as at 31 March 2020.

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:

	2019/2020 EURO	2018/2019 EURO
Number of assignment deals	10	4
Number of derecognized loans	505,879	451,830
Aggregate consideration received	111,603,897	92,113,318
Outstanding amount of assigned loans to customers as at end of the year (off balance sheet)	69,007,517	65,122,474
Income recognized in statement of profit or loss	5,837,266	5,681,655
Coupon rate range	8.5%-10.5%	8.9%-9.8%
Minimum Retention Requirement	8,504,630	7,941,009

No loan in assignment deals have defaulted as at 31 March 2020.

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.

Business combinations:

The Group uses the acquisition method of accounting to account for business combinations other than those under common control. 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. Consideration transferred also includes the fair value of any contingent consideration. Any goodwill that arises on account of such business combination is tested annually for impairment. Any contingent consideration is measured at fair value at the date of acquisition. 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 March 18, 2020 CA Grameen has acquired 75.64% stake in MMFL for EUR 79.3 million. On March 31, 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 the MMFL and would result in the geographical diversification of the portfolio of the parent entity and strengthens its leadership position in the microfinance market.

For Goodwill refer note 15.

Other assets

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

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 asset	Useful economic life	Valuation method
Trade name and customer relations	5 years	Multi-Period Earnings Method
Software	5 years	Straight-line basis
Websites	2 years	Straight-line basis

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. Refer note 15.

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 building, 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 have similar policy (as of 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.

	Useful life	
Category of tangible assets	Group	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	Contract term	Contract term

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

Impairment tests on goodwill is 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. discount 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 is not reversed.

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 and other liabilities.

Finance debt
Finance debts are 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.

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

Post-employment benefit obligations
Defined benefit scheme surpluses and deficits are measured at:
- The fair value of plan assets on the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognized past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognized directly in other comprehensive income. The re-measurements include:
- Actuarial gains or losses;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- Any asset ceiling effects (interest exclusive).

Service costs are recognized in profit or loss and include current and past service costs as well as gains or losses on curtailments.

Net interest expense (income) is recognized in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognized immediately in profit or loss.

Settlements of defined benefit schemes are recognized in the period in which the settlement occurs.

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 and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

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.

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.

Other liabilities.

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

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 the last financial year and applied the hedge accounting requirements of IAS 39

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 during the year), 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 is exposed to fluctuations in the value of the Euro against a number of foreign currencies. 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.

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").

Cash flow statement

The cash flow statement has been prepared using the indirect 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 the 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 the 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.

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 note 5.4.

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.

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.

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.

	Level 2	
	2019/2020 EURO	2018/2019 EURO
Financial assets		
Derivative financial instruments	268,790	3,116
Loans to customers at FVTOCI	928,935,932	705,363,113
Total	929,204,722	705,366,229
Financial liabilities		
Derivative financial instruments	588,191	1,810,369
Total	588,191	1,810,369

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 3.4 and note 17. The fair value reflects the value as if loans were issued at reporting date.

The Demerger

On 23 January 2020, the Extraordinary General Meeting of Shareholders of CreditAccess Asia N.V. ("Continuing Company") approved, upon proposal from the Board of Directors, a legal demerger (juridische splitsing) (the "Demerger"), within the meaning of article 2:334a of the Dutch Civil Code, by which part of the assets and liabilities of the Demerging Company were transferred under universal title (algemene titel) to a private limited liability company under the laws of the Netherlands, under the name CreditAccess SEA B.V. incorporated at the Demerger ("NewCo"); and (ii) the Continuing Company remained to exist and changed legal name from CreditAccess Asia N.V. to CreditAccess India N.V..

pursuant to the Demerger, all shares in the capital of the NewCo have been allocated to the shareholders of the Continuing Company, whereby each shareholder of the Continuing Company have received one share in the capital of the NewCo., with a nominal value of EUR 0.10 (10 euro cents), for each share such shareholder held in the capital of the Continuing Company, with a nominal value of EUR 1.

The Continuing Company did not acquire shares in the capital of the NewCo..

Article 2:334hh paragraph 2 of the Dutch Civil Code ("simplified procedure") applied to the Demerger, since each shareholder of the Continuing Company has become a shareholder of the NewCo. in the same proportion as in the Continuing Company.

Part of the equity of the Continuing Company, comprising, among others, assets and liabilities belonging to the business of the Continuing Company in SouthEast Asia, as further described below, have passed to the NewCo.
The following assets and liabilities held by the Continuing Company prior to the Demerger were transferred to the NewCo. pursuant to the Demerger:

Shares and share equivalents
All (5,993,400) in the capital of BAV;
All (7,974,135) shares held in the capital of KMV;
All (64,000,000) preferred shares and all (39,995) ordinary shares in the capital of OP;
All (6,199,997) shares in the capital of CAA-BOS Ltd.;
The completely subscribed full share capital of the equivalent of USD 1,230,000 in the capital of CAA Vietnam Trading Company Limited;
Other assets and liabilities
Subordinated loans to BAV and OP;
Other assets and liabilities referring to the businesses in Indonesia, Philippines, Vietnam and Thailand

The following assets and liabilities were retained by the Continuing Company following the Demerger:
All (115,109,028) shares in the capital of CA Grameen;
All 520,000 shares in the capital of CreditAccess Life Insurance Limited;
All senior loans to BAV and OP;
All forex hedging contracts;
All other assets and liabilities of that were not transferred to the NewCo.

The Continuing Company prior to the Demerger had control and hence it did consolidate inter alia BAV,OP, KMV and BOS whose control was then transferred to the NewCo. pursuant to the Demerger.
In the Demerger, the control could neither be identified as exercised by the same party before and after the Demerger nor it could be identified to be exercised by a group of individuals under contractual arrangement hence the business combination is scoped in IFRS 3.

According to IFRS 3, a new entity formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer. In practice it becomes a long-term accounting anomaly for the business set-up whereby the new entity exercises control over the two subsidiaries but the consolidation will take place in one of the subsidiaries.
From an accounting stand point, the Demerger results in the distribution of non-cash items to the shareholders of CreditAccess India N.V. following IFRIC 17 at fair value. In turn, CreditAccess SEA BV issues a relative portion of its shares to the shareholders in exchange for the shares distributed by CreditAccess India N.V.

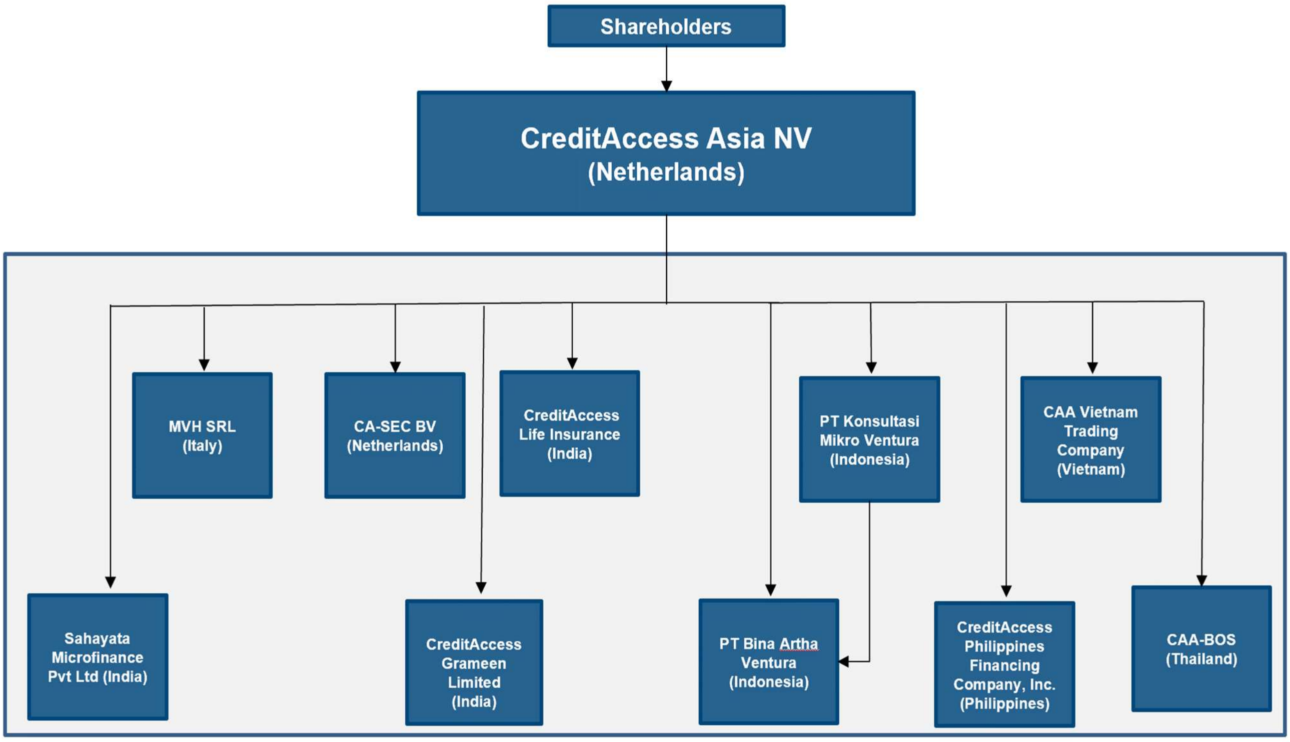
The carrying amount of the shares of the demerged entities on demerger date 23 January 2020 amounted to EUR 33.8 whereas the carrying amount of the shares was EUR 31.1 as 1 April 2019. Prior to the demerger, the shares were accounted for at equity value in the company only financial statements of CreditAccess Asia N.V. The fair value of the shares at demerger date approximated the carrying amount at 23 January 2020. Therefore, no significant increase or decrease has been recorded in the income statement as a result of the change in fair value of the assets to be distributed.

The main goal of the Demerger was to streamline the legal organizational structure of CreditAccess India Group for the purpose of making the equity story more simple and more focused on the Indian business. In FY 19/20, the Company has not accounted 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 current financial year is not material given the limited size relative of the South East Business compared to the Indian business. The Company considers this presentation of FY 19/20, i.e. although without the benefit of positive results from demerged business, to give more fair and transparent view and to be more relevant for the stakeholders.

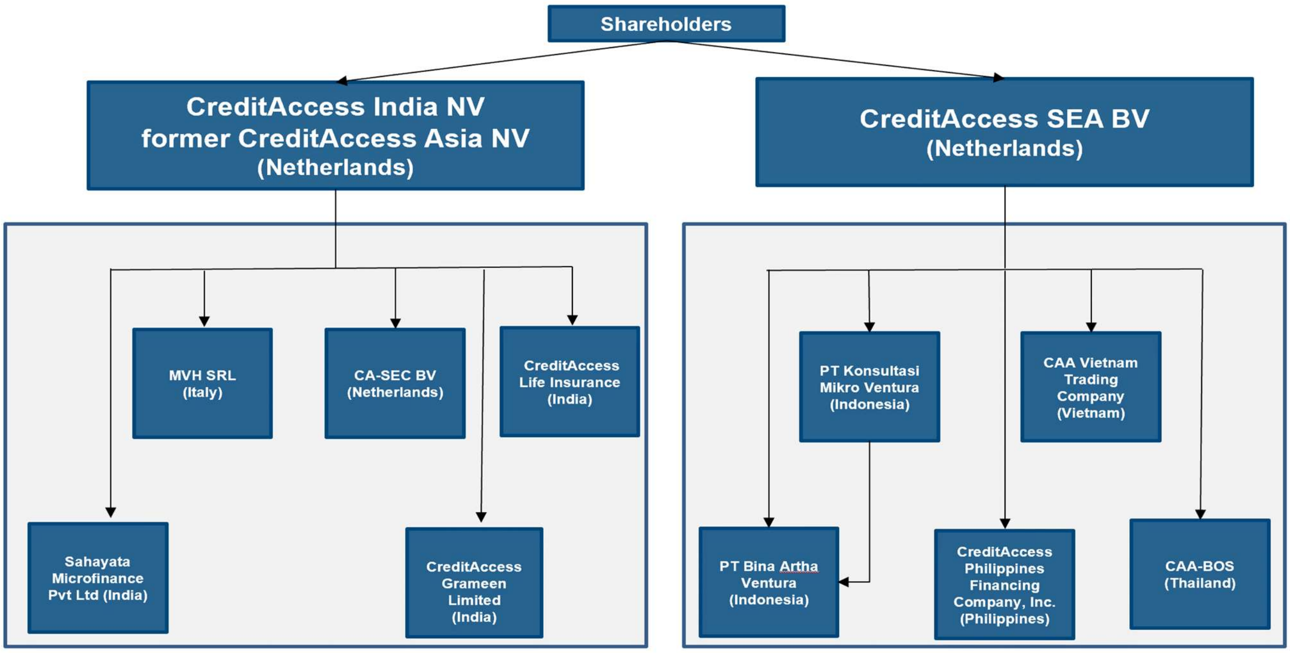
The comparative financial information in the financial statements disclosures are rearranged as such that the individual line items reflect the group companies as per 31 March 2020. The comparative financial information of demerged entities is included in the disclosure notes in one line item, disclosed as "impact of the Demerger". This presentation treatment provides a clear view of movements within the remaining entities in the financial year.

The legal structure of the organization pre and post demerger is presented below:

Legal organizational structure pre Demerger:



Legal organizational structure post Demerger:



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 Group's estimates, 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

In view of the matters as mentioned in note 3.4 regarding COVID-19, the Group has assessed the impact of the Novel Coronavirus (COVID-19) pandemic on its ability to continue the operations. With the gradual relaxation of lockdown rules in India, resumption of commercial activities by customers and of collections by Group staff, the management is confident that collections will resume, albeit likely at a lower level than earlier. In this regard, majority of the branch offices of the Group are operational, while continuing to comply with regulatory guidelines on businesses, social distancing, etc. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI. 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, 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 and note 17.

Legal Reserves

A change in estimate has been adopted in current financial year with respect to the restricted legal reserve as per Dutch civil code book 2:373-4. In previous year, movements in the OCI (equity) of CA Grameen related amongst others to the contribution of share premium by CAI NV after the acquisition of CA Grameen by CAI NV. Direct equity movements could be in scope of restricted legal reserve under Dutch Law, hence contributions to share premium had been classifies as legal reserves in previous years financial statements. During the financial year, management came to the view that the additions to share premium of CA Grameen are the result of direct investing transactions in CA Grameen, and do not directly relate to increased legal reserves in CA Grameen after (stepped) investments. Hence, share premium movements of CA Grameen after the acquisition are no longer identified as movements in OCI in scope of restricted legal reserve under Dutch Law. Previously the additions to share premium were treated as the results of unrealized value changes of balance sheet items of CA Grameen. Had the estimate not changed, the restricted legal reserve under Dutch Law would have been equal to EUR 173,494,909 at 31st March 2020.

4.2 Assumptions and estimation uncertainties

Fair value of financial instruments

This refer to the fair valuation of loans to customers classified as FVTOCI. Refer note 3.1, note 17 and note 18

Effective interest rate (EIR)

Refer note 3.4 and note 6

Impairment of intangible fixed assets

Refer note 15

Impairment of loans to customers

Estimate of expected credit loss (see note 17)

Impairment of loans to CreditAccess SEA Group

Estimate of expected credit loss (see note 42).

Contingent liabilities and assets

Refer note 28

Share based payments

Estimate of fair value of share based payments (see note 30).

Recognition of deferred income tax assets

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

Measurement of defined benefit obligations

Key actuarial assumptions (note 29)

Provisions

Refer note 3.4

Provision for tax expenses

Refer 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 and methodology • By geography (i.e. by branch/area/district/region/state) • By economic sector and • 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(a) 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(b) 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 cash holding cap, and - 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, a Nomination and Remuneration Committee of Board is in place in the Group. 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 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 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 **Roles and Responsibilities** **Core Control Standards**		Three lines of defence	The Group uses the three lines of defence structure to measure and manage all the risks. Refer to note 5.1 for the details of three lines of defence. 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. 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:

	India
Fitch's Ratings	BBB- (negative)
Moody's	Baa3 (negative)
S&P	BBB- (stable)
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

Company Board of Directors
Company Business Committee
Company 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 operating 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 participates at the Risk and Audit Committees meetings and the Board meetings and provide recommendations and feedback on all risk related matters on behalf of the Group R&A Committee.
- The Group CRO submits to this 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 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 Committee 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 Committees.

Risk profile and appetite

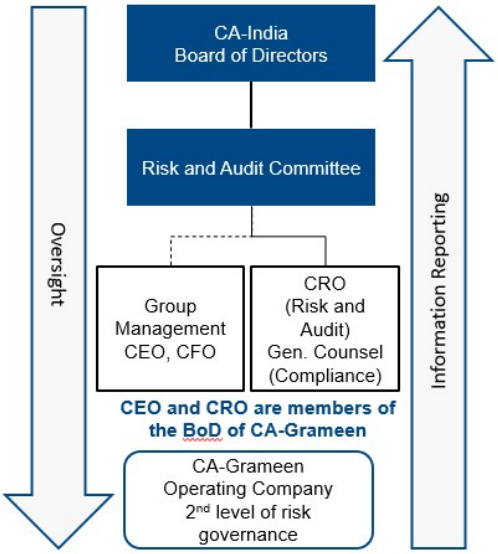
The risk appetite articulates the type and quantum of risk that the Group is willing to accept in pursuit of its strategy. The Group has to accept the risks that are required or necessary to conduct its core business of providing loans to customers. It is therefore needed to have a risk appetite that 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 risk appetite is subsequently translated into the different risk metrics which define the tolerance for the individual risk types. The Board determines what 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 risk, non-financial risk and strategic risks that are further categorized into concentration risk, counterparty credit risk, market risk, liquidity risk, reputational risk, operational risk and compliance risk.

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.

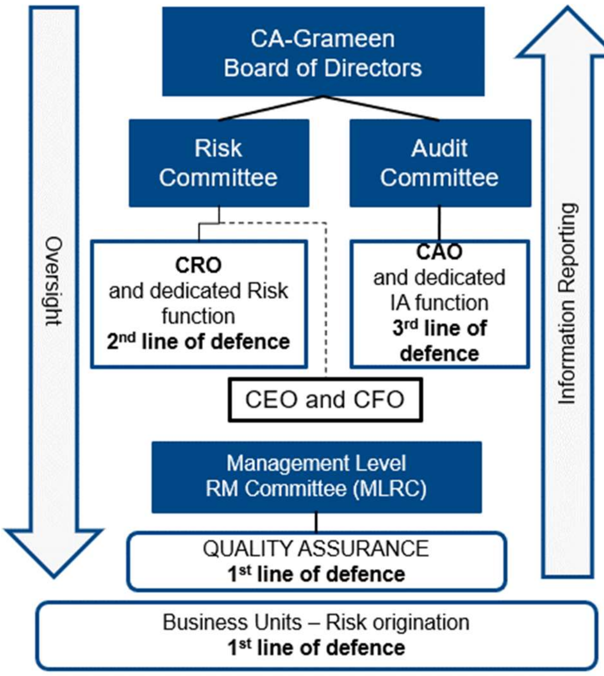
The stated mission and fundamental risk appetite will guide the Group in developing its strategy, in considering decisions about new products or new markets and in setting appropriate exposure limits in each of the risk areas.

The risk based roles and responsibilities in the Group are organized in adherence to the 'three lines of defence' 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 polices.

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.
- **Management Level RM Committee (MLRC).** Chaired by the CEO, include 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 processes on the field. The QC Team reports to the Business Head (but without business targets).

Risk mitigation and risk culture - at subsidiary level:

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. Based on the Risk Control and Self Assessment (RCSA), the Company formulates its Risk Management Strategy / Risk Management 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 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 for small risks where 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.

Risk measurement and reporting systems – at subsidiary level

The heads of all the departments in association with 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 updation 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 Head-Risk and MLRC.

The Management Level Risk Committee meetings are held as necessary or at least once a month. The Management Level Risk Committee would monitor 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 Risk Management Committee and actionable items drawn from the risk management framework.

Accordingly, the Management Level Risk Committee 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 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.

Risk management strategies – at subsidiary level

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 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 cash holding cap.

Expansion risk mitigation measures:
- Contiguous growth.
- District centric approach.
- Rural focus.
- Branch selection based on census data & credit bureau data.
- Three level survey of the location selected.

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 2020 the CRAR of CA Grameen standalone is reported well above the statutory requirements at 23.60% (31 March 2019; 35.26% while the CRAR of MMFL standalone is reported well above the statutory requirements at 23.01% (31 March 2019; 19.45%)

When reviewing and approving the business plan of 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 FY19/20 the Group has maintained a moderate leverage ratio between 155% and 278% and the Group may leverage further and expand the business without needing to fund raise additional equity capital.

	31 March 2020 EUR	31 March 2019 EUR
Borrowings	1,183,134,491	693,227,893
Less: cash & cash equivalents	-123,824,257	-125,640,122
Net debt	**1,059,310,234**	**567,587,711**
Total equity	380,980,465	378,110,168
Adjustments	224,882	236,194
Total adjusted equity	**381,205,347**	**378,346,362**
Debt to adjusted equity ratio	**278%**	**150%**

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 SPVs under securitization agreements, excluding loans sold under assignment presented as off balance sheet assets).

The subsidiaries companies are credit-only Institutions and are predominantly involved in Group Lending. The credit risk may arises 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 Group has 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, Group follows 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). Loan sanction and rejections are carried out at the head office. A credit bureau rejections analysis is also regularly carried out in the Group.
Credit risk is being managed by continuously monitoring the borrower's performance if borrowers are paying on time based on their amortization dues. The Group ensures stringent monitoring and quality operations through both field supervision (branch/area/region staff supervision, quality control team supervision) and management review. Management at the each company's head office closely monitors credit risk through system generated reports (e.g., PAR status and PAR movement, portfolio concentration analysis, vintage analysis) and Key Risk Indicators (KRIs) which include proactive actionable thresholds limits (acceptable, watch and breach) developed by the Risk Management Committee, revised and ratified 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: 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 and movement schedules of carrying amount and impairment allowance are provided in note 17.

As at reporting date, the impairment allowance is 2.71% (31Mar2019: 1.18%) of the Exposure At Default. A further 100 basis points increase in the impairment (resulting in 3.71%) on gross outstanding loans to customers would have a negative impact of 13,925,235 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, since the counterparties are reputable entities with high quality external credit ratings.

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:

	31 March 2020 EURO	31 March 2019 EURO
Loans to customers	1,329,433,568	936,354,402
Cash and cash equivalents	123,824,257	125,640,122
Other financial assets	38,831,045	4,975,556
Total	**1,492,088,870**	**1,066,970,080**

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

31 March 2020

Stages	Exposure At Default (EAD)	Probability of Default (PD)	Loss Given Default (LGD)	ECL with overlay	ECL Rate
	EURO	%	%	EURO	%age
Stage 1	1,316,569,072	2.0%	73.4%	19,774,841	1.5%
Stage 2	9,569,976	35.1%	73.4%	2,465,386	25.8%
Stage 3	21,039,575	100.0%	73.4%	15,441,496	73.4%
Total as at 31 March 2020	**1,347,178,623**			**37,681,723**	**2.8%**

PD and LGD percentages in above table are taken at weighted average for consolidated ECL allowance including overlay on consolidated EAD. However, looking at company level breakdown, for CAGR group loans PD for stage 1 is 0.9%, stage 2 is 57.3% and stage 3 is 100% whereas LGD is 74.9%. For CAGR individual loans PD for stage 1 is 0.4%, stage 2 is 53.1% and stage 3 is 100% whereas LGD is 100%. For MMFL loans PD for stage 1 is 1.95%, stage 2 is 22.9% and stage 3 is 100% whereas LGD is 64.0%. Overlay is estimated at each entity level after obtaining impairment allowance based on abovementioned historical PD and LGD percentages for each entity.

31 March 2019

Stages	Exposure At Default (EAD) EURO	Probability of Default (PD) w-avg.%	Loss Given Default (LGD) w-avg.%	ECL with overlay EURO	ECL Rate %age
Stage 1	929,878,941	1.06%	68.85%	6,267,451	0.7%
Stage 2	3,677,329	35.08%	68.85%	888,177	24.2%
Stage 3	7,773,688	100.00%	68.85%	5,353,586	68.9%
Total as at 31 March 2019	**941,329,958**			**12,509,214**	**1.3%**

At 31 March 2020, consolidated ECL allowance as percentage to EAD is equal to 2.8% (31Mar2019: 1.3%). Further details on ECL estimation approach and definitions are given in note 3.4.

EAD split into Principal and Interest Receivable on loans to customers is as below:

31 March 2020

Consolidated	Principal Outstanding EURO	Interest Receivable EURO	Exposure At Default EURO
Stage 1	1,307,437,589	9,131,483	1,316,569,072
Stage 2	9,444,998	124,978	9,569,976
Stage 3	20,762,370	277,206	21,039,575
Total	**1,337,644,957**	**9,533,666**	**1,347,178,623**

31 March 2019

Consolidated	Principal Outstanding EURO	Interest Receivable EURO	Exposure At Default EURO
Stage 1	925,443,600	4,435,341	929,878,941
Stage 2	3,615,886	61,443	3,677,329
Stage 3	7,294,916	478,772	7,773,688
Total	**936,354,402**	**4,975,556**	**941,329,958**

ECL Split into Principal and Interest Receivable is as below:

31 March 2020

Consolidated	Impairment on Principal Outstanding EURO	Impairment on Interest Receivable EURO	Total ECL With overlay EURO
Stage 1	19,716,712	58,129	19,774,841
Stage 2	2,408,611	56,775	2,465,386
Stage 3	15,440,290	1,206	15,441,496
Total	**37,565,612**	**116,111**	**37,681,723**

31 March 2019

Consolidated	Impairment on Principal Outstanding EURO	Impairment on Interest Receivable EURO	Total Impairment allowance EURO
Stage 1	6,730,276	38,480	6,768,756
Stage 2	874,455	13,722	888,177
Stage 3	4,914,143	439,443	5,353,586
Overlay	-497,556	-3,749	-501,305
Total	**12,021,318**	**487,896**	**12,509,214**

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(a) 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 level.

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

As at 31 March 2020 a significant portion of Group's external borrowing bears floating interest rate. During FY19/20, 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 INR and EUR denominated interest-bearing assets and liabilities are estimated to be 100 basis points higher/lower, all other variables held constant, profit before tax would have an estimated decrease/increase of EUR 4,096,130 (31 March 2019; EUR 50,521) 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 for 12 months

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 profile of the Group's interest-bearing financial instruments is as follows:

	31 March 2020 EURO	31 March 2019 EURO
Fixed rate instruments		
Financial assets	1,329,433,568	936,354,401
Financial liabilities	503,156,157	389,384,740
Variable rate instruments		
Financial assets	-	-
Financial liabilities	672,372,502	303,843,152

A 100 basis-point increase/decrease of the variable interest rates borrowings only, would decrease/increase the consolidated pre-tax profit by EUR 6,723,725 (2018/2019: EUR 3,038,431).

5.3(b) Foreign exchange risk

Foreign exchange 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 and direct currency risk is largely hedged to remain within conservative boundaries. Overall interest rate 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 EURO. CAI N.V. hedges the foreign currency exchange rate risks on these loans which are 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 Euro 1,303 (31Mar2019: 10,676,733).
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 130 (31Mar2019: EUR 190,219) and a 10% weakening in the exchange rates would, on the same basis, decrease pre-tax profit by EUR 130 (31Mar2019: EUR 190,219).

5.3(c) 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 committee in charge of its supervision and application.

The liquidity risk policies of each Group entity are maintained and applied locally by the treasury function, whilst the 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.

At 31 March 2020

	Up to 3 months EURO	Between 3 and 12 months EURO	Sub-total current EURO	Between 1 and 2 years EURO	Between 2 and 5 years EURO	Over five years EURO	Maturity undefined EURO	Sub-total non-current EURO	Total EURO
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 fair value through profit or loss	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 s	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%	-	-	-

At 31 March 2019	Up to 3 months EURO	Between 3 and 12 months EURO	Sub-total current EURO	Between 1 and 2 years EURO	Between 2 and 5 years EURO	Over five years EURO	Maturity undefined EURO	Sub-total non-current EURO	Total EURO
Assets									
Intangible fixed assets	-	-	**-**	-	440,428	806,861	16,053,512	**17,300,801**	**17,300,801**
Tangible fixed assets	-	-	**-**	-	2,074,256	2,520,967	-	**4,595,223**	**4,595,223**
Financial assets at fair value through profit or loss	-	-	**-**	-	-	25,734	-	**25,734**	**25,734**
Loans to customers – Gross	*207,350,677*	*451,463,999*	***658,814,676***	*276,629,274*	*910,452*	-	-	***277,539,726***	***936,354,402***
Impairment allowance	*-3,256,829*	*-5,586,995*	***-8,843,824***	*-3,166,672*	*-10,822*	-	-	***-3,177,494***	***-12,021,318***
Loans to customers - net	204,093,848	445,877,004	**649,970,852**	273,462,602	899,630	-	-	**274,362,232**	**924,333,084**
Derivative financial instruments	-	3,116	**3,116**	-	-	-	-	**-**	**3,116**
Deferred tax assets	-	-	**-**	903,197	-	5,552,223	-	**6,455,420**	**6,455,420**
Other assets	13,347,728	8,489,620	**21,837,348**	2,751,458	353,702	2,315,696	-	**5,420,856**	**27,258,204**
Cash and cash equivalents	125,640,122	-	**125,640,122**	-	-	-		**-**	**125,640,122**
Total assets	**343,081,698**	**454,369,740**	**797,451,438**	**277,117,257**	**3,768,016**	**11,221,481**	**16,053,512**	**308,160,266**	**1,105,611,704**
Liabilities									
Finance debt	73,320,922	386,386,504	**459,707,426**	152,007,513	81,512,953	-	-	**233,520,466**	**693,227,892**
Post employment benefit obligations	-	-	**-**	254,396	-	550,163	140,587	945,146	**945,146**
Deferred tax liabilities	-	-	**-**	9,384	-	-	-	**9,384**	**9,384**
Derivative financial instruments	-	1,810,369	**1,810,369**	-	-	-	-	**-**	**1,810,369**
Other liabilities	25,193,891	6,314,854	**31,508,745**	-	-	-	-	**-**	**31,508,745**
Total liabilities	**98,514,813**	**394,511,727**	**493,026,540**	**152,271,293**	**81,512,953**	**550,163**	**140,587**	**234,474,996**	**727,501,536**
Equity	-	-	-	-	-	-	378,110,168	378,110,168	378,110,168
Total equity and liabilities	**98,514,813**	**394,511,727**	**493,026,540**	**152,271,293**	**81,512,953**	**550,163**	**378,250,755**	**612,585,164**	**1,105,611,704**
Gap per bucket	**244,566,885**	**59,858,014**	**304,424,899**	**124,845,964**	**-77,744,937**	**10,671,318**	**-362,197,243**	**-304,424,899**	-
Cumulative Gap	244,566,885	304,424,899	304,424,899	429,270,863	351,525,925	362,197,243	-	-	-
Cumulative Gap %age	248%	62%	62%	67%	48%	50%	-	-	-

Notes to the financial statements

6. Interest income and fees

	2019/2020 EURO			2018/2019* EURO			
	India	Netherlands	Total	India	Netherlands	Demerger Impact	Total
Interest on loans to customers	206,479,109	-	206,479,109	149,489,469	-	-	149,489,469
Interest on cash and cash-equivalents	803,994	-	803,994	913,801	614	-	914,415
Interest on loans to CreditAccess SEA Group	-	2,312,615	2,312,615	-	-	35,832,890	35,832,890
Total	**207,283,103**	**2,312,615**	**209,595,718**	**150,403,270**	**614**	**35,832,890**	**186,236,774**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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

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

7. Interest expenses and fees

	2019/2020 EURO	2018/2019* EURO
Interest on external borrowing	73,910,110	52,617,720
Interest on bank overdrafts	-	106,535
Negative Interest on credit balance with banks	261,159	-
Interest on Right of Use Assets	723,747	-
Amortization of hedging forward points	1,286,711	1,184,611
Other fees and expenses	319,164	540,473
Impact of Demerger	-	5,351,119
Total	**76,500,889**	**59,800,458**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Interest expenses consist of interest and other costs (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 is calculated on the effective interest rate basis.

8. Other income

	2019/2020 EURO	2018/2019* EURO
Gain on derecognition of loans to customers	5,777,266	5,681,655
Profits from sale of mutual funds and similar investments	1,904,741	1,303,258
Miscellaneous proceeds	972,332	314,893
Impact of Demerger	-	452,989
Total	**8,654,339**	**7,752,795**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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 ‘Transfer of financial assets’)..
Miscellaneous proceeds relates mainly to proceeds from the distribution of third party services, technical assistance and grants received.

9. Credit loss expense

	2019/2020 EURO	2018/2019* EURO
Impairment expense on group loans to customers (principal and interest)	28,768,383	8,837,470
Impairment expense on individual loans to customers (principal and interest)	1,341,706	686,525
Recoveries of written-off loans to customers (principal and interest)	-682,119	-746,891
Impact of Demerger	-	2,180,387
Total	**29,427,970**	**10,957,491**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Recoveries of written-off loans mostly refers to group loans while recoveries from individual loans are negligible.

10. Personnel expenses

	2019/2020 EURO	2018/2019* EURO
Wages and salaries	31,028,916	21,656,968
Social security costs	102,764	106,064
Share-based payment expenses (see note 30)	678,787	747,920
Pension costs – defined contribution plans	1,836,569	1,088,365
Pension costs – defined benefit plans (see note 29)	538,830	381,485
Other post-employment benefits	476,645	442,008
Other staff costs	448,362	368,380
Impact of Demerger	-	17,344,106
Total	**35,110,872**	**42,135,296**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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:

	2019/2020 FTE	2018/2019* FTE
Field staff	12,150	7,491
Back office staff	2,356	584
Impact of Demerger	-	4,559
Total	**14,506**	**12,634**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

The average number of employees (full time equivalent) based on their geographical location:

	2019/2020 FTE	2018/2019* FTE
Netherlands	10	11
India	14,496	8,064
Impact of Demerger	-	4,559
Total	**14,506**	**12,634**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

11. Expenses by nature

	2019/2020 EURO	2018/2019* EURO
Amortisation intangible assets (note 13)	516,968	1,224,862
Depreciation tangible assets (note 14)	1,139,283	679,089
Depreciation right of use assets (note 14.a)	1,035,413	-
Others	-504	8,837
Impact of Demerger	-	1,125,450
Sub total	2,691,160	3,038,238
Travel and lodging	6,164,608	4,722,768
Rental (for the use of tangible assets, exempted from IFRS16) see note xx	1,640,731	1,636,335
Communication and IT	1,270,488	1,306,490
Office expenses	840,769	615,418
Taxes (other than Corporate Income Tax) and licenses	622,284	541,364
Staff training and benefits expenses	931,737	593,636
Repairs and maintenance	915,725	591,315
Other professional fees	3,522,306	396,726
Utilities	360,118	258,621
Donations	824,220	465,366
Directors fees	371,481	429,418
Bank charges	484,880	65,398
Audit and accounting	295,473	262,342
Legal fees	115,254	49,407
Insurances for risks of the Group	161,660	83,472
Marketing and advertising	7,271	28,452
Expenses recharged to companies then demerged in Jan2020	-18,614	-788,553
Other operating expenses	1,299,412	1,008,426
Impact of Demerger	-	7,648,936
Sub total	19,809,803	19,915,337
Total	**22,500,963**	**22,953,575**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Insurance expenses does not include expenses relating to third party insurance products distributed by the Group to the customer nor credit risk insurance on loans to customers.
Taxes (other than income tax) and licenses mainly consists of non-recoverable Indian Goods and Service Tax, local stamp-duties and similar fees.
Other professional fees has increased with approximately EUR 2mln in relation with the acquisition of MMFL by CA Grameen.

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').

	2019/2020 EURO	2018/2019* EURO
Audit annual accounts	193,299	168,029
Other audit assignments	23,515	19,761
Other non-audit services	-	4,940
Impact of Demerger	-	30,167
Total	**216,814**	**222,897**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

12. Tax expense

	2019/2020 EURO	2018/2019* EURO
(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	20,363,691	21,781,015
Adjustment for under/(over) provision of prior periods	432,706	-
Impact of Demerger	-	700,086
Total current tax	**20,796,397**	**22,481,101**
Deferred tax expense/(income)		
Origination and reversal of temporary differences (note 24)	-4,360,997	-258,204
Recognition of previously unrecognized deferred tax assets	-	-
Impact of Demerger	-	-321,699
Total deferred tax	**-4,360,997**	**-579,903**
Total	**16,435,400**	**21,901,198**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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:

	2019/2020 EURO	2018/2019* EURO
Result before taxation	**54,315,709**	**57,564,679**
Tax using the Company's domestic tax rate of 25% (2018/2019: 25%)	13,578,927	14,391,170
Difference in tax rates foreign jurisdictions	98,969	6,026,040
Remeasurement of deferred tax positions	-	60,588
DTA not recognized (because of uncertainty of compensation)	975,946	717,140
Adjustment in respect to prior years	432,706	-
Impairment allowance relating to loans to customers	-	1,275,282
Change in tax-rate (India)	1,078,001	-
Tax impact of conversion from local GAAP (used as basis for tax computation) to IFRS	-	-1,433,809
Other expenses not deductible/(income not taxable)	270,851	486,400
Impact of Demerger	-	378,387
Total tax expense	**16,435,400**	**21,901,198**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

The proceeds in relation to the IPO of CA Grameen (FY18/19) are not taxable in the Netherlands, because of the Dutch participation-exemption, and are recognized through equity.

	2019/2020	2018/2019
Effective tax rate	**30,3%**	**37,6%**

Additions to the loan loss allowance are not deductible from taxable income unless the impaired asset is written off. As a result, movements in the loan loss allowance cause temporary differences and lead therefore to movements in the deferred tax position thus affecting the 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 giving rise to deferred tax assets, where 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 23.1 mln (31 March 2019; EUR 17.9 mln). Further details are provided in note 24.

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

	2019/2020			2018/2019*		
	Before tax EURO	Tax EURO	After tax EURO	Before tax EURO	Tax EURO	After tax EURO
Fair-value through OCI:						
(i) Net fair-value changes from loans to customers at FVTOCI	-4,420,294	945,781	-3,474,513	-1,652,089	576,773	-1,075,316
Available-for-sale investments:						
(i) Transferred to profit or loss on sale	-	-	-	-	-	-
Cash flow hedges:						
(i) Gains/(losses) recognized on hedging instruments	461,078	-	461,078	-251,701	-	-251,701
(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	-14,749,503	-	-14,749,503	-9,738,049	-	-9,738,049
Share of associates' other comprehensive income	-	-	-	-	-	-
Actuarial gain on defined benefit pension schemes	3,163	-	3,163	-68,487	24,491	-43,996
Impact of Demerger	-	-	-	1,336,633	-33,224	1,303,409
	-18,705,556	**945,781**	**-17,759,775**	**-10,373,693**	**568,040**	**-9,805,653**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

13. Intangible assets

	Client base and trademark EURO	Goodwill EURO	Software EURO	Intangible assets under development EURO	Total EURO
(i) Cost					
At 31 March 2018	4,659,212	15,373,738	1,823,825	132,329	21,989,104
Additions;					
externally acquired	-	-	276,327	160,001	436,328
internally developed	-	-	-	-	-
Disposals	-	-	-6,435	-	-6,435
Foreign exchange rate movements	140,130	679,774	89,654	11,074	920,632
Reclassifications	-	-	-31,940	-	-31,940
At 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	-	-	-	-	-
At 31 March 2020	**24,140,219**	**46,692,658**	**2,647,629**	**342,399**	**73,822,905**
(ii) Accumulated amortisation and impairment					
At 31 March 2018	3,722,405	-	814,291	-	4,536,696
Amortisation charge	915,250	-	352,466	-	1,267,716
Impairment Losses	-	-	-	-	-
Disposals	-	-	-6,435	-	-6,435
Foreign exchange movements	161,687	-	47,224	-	208,911
At 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 movements	-303,530	-	-93,426	-	-396,956
At 31 March 2020	**4,569,404**	**-**	**1,394,193**	**-**	**5,963,597**
(iii) Net book value					
At 31 March 2019	-	16,053,512	943,885	303,404	17,300,801
At 31 March 2020	**19,570,815**	**46,692,658**	**1,253,436**	**342,399**	**67,859,308**

The client base and trademark originates from the purchase price allocation on acquiring the controlling interest in CA Grameen in March 2014. It is amortized on a straight line basis over the useful economic life of 5 years, financial year 2019/2020 being the last year. 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
	EURO	EURO	EURO	EURO	EURO	EURO	EURO
(i) Cost or valuation							
At 31 March 2018	-	1,620,057	843,664	1,078,922	2,220,878	1,084,378	6,847,899
Additions	-	572,208	1,185,579	265,064	545,423	107,995	2,676,269
Disposals	-	-3,407	-48,261	-9,606	-66,844	-20,421	-148,539
Reclassifications	-	-	494,350	-	-494,350	-	-
Fair value gain (loss) recognized in OCI							
Foreign exchange movements	-	112,546	126,681	69,940	99,709	94,563	503,439
At 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	-	-	-	-	-	-	-
Fair value gain (loss) recognized in OCI	-	-	-	-	-	-	-
Foreign exchange movements	-154,422	-70,304	-130,722	-83,848	-351,195	-5,011	-795,502
At 31 March 2020	**3,174,044**	**1,171,017**	**2,120,504**	**1,397,354**	**6,510,694**	**75,252**	**14,448,865**
(ii) Accumulated depreciation and impairment							
At 31 March 2018	-	650,688	343,838	656,876	1,254,373	473,863	3,379,638
Depreciation	-	516,156	364,178	248,485	396,486	229,324	1,754,629
Revaluations	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Re-classifications	-	-	321,972	-	-321,972	-	-
Disposals	-	-628	-40,948	-6,489	-53,704	-5,524	-107,293
Foreign exchange movements	-	54,423	56,430	42,630	55,008	48,380	256,871
At 31 March 2019	-	1,220,639	1,045,470	941,502	1,330,191	746,043	5,283,845
Impact of the Demerger	-	-886,667	-687,762	-373,698	-630,529	-701,906	-3,283,562
Depreciation	572,060	201,311	405,234	249,805	736,343	9,943	2,174,696
Impairment losses	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
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
At 31 March 2020	**548,052**	**506,555**	**684,126**	**763,150**	**1,339,111**	**48,018**	**3,889,012**
(iii) Net book value							
At 31 March 2019	-	1,080,765	1,556,543	462,818	974,625	520,472	4,595,223
At 31 March 2020	**2,625,992**	**664,462**	**1,436,378**	**634,204**	**5,171,583**	**27,234**	**10,559,853**

14. Tangible fixed assets (cont.)

14.a Leases (IFRS 16)

Movement schedule of carrying amounts

	Buildings EURO	Computer equipment EURO	Total EURO
Right of use assets			
Recognised amount per 1 April 2019, as per IFRS16.c.8.(b)(iii)	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	-989,097
Foreign exchange movements	-181,845	-296,423	-478,269
At 31 March 2020	**2,580,292**	**4,124,495**	**6,704,787**
Lease liability			
Recognised amount per 1 April 2019, as per IFRS16.c.8.(b)(iii)	-3,345,287	-4,869,205	-8,214,492
Movements during the period			
Accretion of interest	-259,501	-464,244	-723,745
Payments (reducing the lease-liability	649,728	184,366	834,093
Foreign exchange movements	180,213	318,094	498,307
At 31 March 2020	**-2,774,847**	**-4,830,989**	**-7,605,837**
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 2019/2020 EURO	Goodwill carrying amount 2018/2019 EURO
CreditAccess Grameen Limited		
- Opening balance	8,942,368	8,655,374
- Exchange difference	-558,770	286,994
- Impairment	-	-
Sub-total	8,383,598	8,942,368
PT Konsultasi Mikro Ventura*		
- Opening balance	-	6,718,364
- Exchange difference	-	392,780
- Impairment	-	-
Sub-total	-	7,111,144
Madura Microfinance Limited		
- Opening balance	-	-
- Recognition/(Derecognition)	38,309,060	-
- Exchange difference	-	-
- Impairment	-	-
Sub-total	38,309,060	-
Total	**46,692,658**	**16,053,512**

* PT Konsultasi Mikro Ventura is demerged during the year.

Goodwill recognized during the year in relation to acquisition of subsidiary is as below:	31 March 2020 EURO
Consideration transferred (Cash consideration)	79,302,412
Non-controlling interest in the acquired entity	13,201,984
Less: Net identifiable assets acquired	-54,195,335
Goodwill	38,309,060

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

For CA Grameen, after the IPO executed in August 2018, the traded stock price is 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 and the Group performed the purchase price allocation and the resulting recognition of goodwill just few days before the year end. Nevertheless, the Group has computed once again the Fair Value of MMFL as at 31 March 2020 based on traded P/BV multiples of peers. Based on the analysis the fair value of MMFL is higher than the carrying value of the CGU as at 31 March 2020. Hence, it can be concluded that there is no impairment of goodwill at 31 March 2020.

16. Non-controlling Interests (NCI)

CreditAccess Grameen Limited
As per 31 March 2020 the Company holds 79.94% of CA Grameen or 115,109,028 shares (31 March 2019; 80.19% / 115,109,028 shares). In August 2018, CA Grameen performed an Initial Public Offering whereby CA Grameen raised fresh capital by issuing 27,001,396 shares to the market, while CreditAccess Asia N.V. sold 11,876,485 shares.

Furthermore, CA Grameen holds 75.64% of MMFL. The remaining 24.36% is not controlled by CreditAccess India Group hence it contributes to the overall NCI in the consolidated financial statements.

Summarized financial information of CA Grameen consolidated is provided below. For FY 18/19 there was not consolidating any other entity.

Statement of comprehensive income	FY19/20 EURO	FY18/19 EURO
Interest income and fees	207,283,102	150,403,270
Interest expenses and fees	-73,597,375	-50,862,642
Net interest income and fees	**133,685,727**	**99,540,628**
Credit loss expenses	-29,427,970	-8,777,103
Total operating expenses	54,146,802	-37,397,777
Net result after taxation	**42,575,069**	**39,089,587**
Attributable to:		
Controlling Interest	33,839,670	34,184,627
Non-controlling Interest	8,735,399	4,904,960
Total comprehensive income		
Attributable to:		
Controlling interest	31,065,031	33,485,132
Non-controlling interest	8,038,687	4,500,441
Statement of cash flows		
Cash flows from operating activities	-283,891,588	-168,181,905
Cash flows from investing activities	-75,800,899	-881,311
Cash flows from financing activities	368,713,908	223,845,113
Net cash inflows/(outflows)	**9,021,420**	**54,781,897**

Financial position	31 March 2020 EURO	31 March 2019 EURO
Assets	1,518,666,172	946,655,110
Liabilities	1,175,698,539	642,355,793
Equity: Controlling interest	329,825,519	304,309,317
Non-controlling interest	13,142,113	-
Accumulated non-controlling interests	**79,288,958**	**60,283,676**

The total non-controlling interest at year-end consists of the following:	31 March 2020 EURO	31 March 2019 EURO
CreditAccess Grameen Limited (consolidated with Madura)	79,288,958	60,283,676
PT Konsultasi Mikro Ventura, incl. PT Bina Artha Ventura*	-	861
Total	**79,288,958**	**60,284,537**

* PT Konsultasi Mikro Ventura, incl. PT Bina Artha Ventura is demerged during the year.

Figures above are in EU IFRS without restatement of prior years and hence different from figures reported on standalone basis by CA Grameen under Ind-AS.

17. Loans to customers

	31 March 2020 EURO	31 March 2019* EURO
Gross amount		
Group loans	1,306,845,641	814,398,546
Individual loans	60,153,539	41,242,520
Impact of the Demerger	-	80,713,336
	1,366,999,180	**936,354,402**
Impairment allowance		
Group loans	-35,811,712	-9,020,690
Individual loans	-1,753,900	-837,708
Impact of the Demerger	-	-2,162,921
	-37,565,612	**-12,021,318**
	1,329,433,568	**924,333,084**

* All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

	31 March 2020 EURO	31 March 2019 EURO
Loans to customers - Gross	1,366,999,180	936,354,402
Less: Impairment allowance	-37,565,612	-12,021,318
Loans to customers - Net	**1,329,433,568**	**924,333,084**

31 March 2020	**CreditAccess Grameen**		**Consolidated**
	FVTOCI EURO	**Amortized Cost EURO**	**Total EURO**
Loans to customers - Gross	955,849,063	411,150,117	1,366,999,180
Impairment on loans to customers	-26,913,131	-10,652,481	-37,565,612
Loans to customers - Net	**928,935,932**	**400,497,636**	**1,329,433,568**

31 March 2019	**CreditAccess Grameen**			**Consolidated**
	FVTOCI EURO	**Amortized Cost EURO**	**Amortized Cost Demerger Impact EURO**	**Total EURO**
Loans to customers - Gross	713,256,148	142,384,918	80,713,335	936,354,402
Impairment on loans to customers	-7,893,035	-1,965,362	-2,162,920	-12,021,318
Loans to customers - Net	**705,363,113**	**140,419,556**	**78,550,415**	**924,333,084**

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 i.e. FVTOCI) and the discount rate used is the prevailing lending rate of CA Grameen on 31 March 2020 i.e. 21%. 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.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans to customers (principal only) is, as follows:

	Stage 1 EURO	Stage 2 EURO	Stage 3 EURO	Total EURO
Gross carrying amount as at 1 April, 2019	**925,443,504**	**3,615,981**	**7,294,916**	**936,354,402**
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	-
Amounts written off	-	-	-6,370,181	-6,370,181
Foreign exchange adjustments	-81,267,756	-444,642	-1,133,765	-82,846,163
As at 31 March 2020	**1,338,543,916**	**7,769,046**	**20,686,218**	**1,366,999,180**

	Stage 1 EURO	Stage 2 EURO	Stage 3 EURO	Total EURO
ECL allowance as at 1 April 2019	**6,232,718**	**874,456**	**4,914,143**	**12,021,317**
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 year end ECL of exposures transferred between stages during the year	10,458,450	1,635,915	15,634,393	27,728,758
Amounts written off	-	-	-6,370,181	-6,370,181
Foreign exchange adjustments	-1,103,892	-132,634	-852,793	-2,089,319
As at 31 March 2020	**19,716,712**	**2,408,610**	**15,440,290**	**37,565,612**
Net carrying amount as at 31 March 2020	**1,318,827,204**	**5,360,435**	**5,245,928**	**1,329,433,567**

	Stage 1 EURO	Stage 2 EURO	Stage 3 EURO	Total EURO
Gross carrying amount as at 31 March 2018	659,256,930	1,850,670	6,743,889	667,851,489
New assets originated	1,166,388,741	-	-	1,166,388,741
Assets repaid or derecognized (excluding write offs)	-920,312,538	-205,035	-1,602,545	-922,120,118
Transfers to Stage 1 from other stages	18,049	-9,696	-8,353	-
Transfers to Stage 2 from other stages	-1,682,195	2,869,972	-1,187,777	-
Transfers to Stage 3 from other stages	-11,527,951	-1,032,528	12,560,479	-
Amounts written off	-	-	-9,498,632	-9,498,632
Foreign exchange adjustments	33,302,468	142,598	287,855	33,732,921
As at 31 March 2019	**925,443,504**	**3,615,981**	**7,294,916**	**936,354,402**

	Stage 1 EURO	Stage 2 EURO	Stage 3 EURO	Overlay EURO	Total EURO
ECL allowance as at 1 April 2018 (IFRS 9)	4,038,357	686,819	4,208,660	44,305	8,978,141
New assets originated	10,175,950	-	-	-517,363	9,658,587
Assets repaid or derecognized (excluding write offs)	-5,117,328	-72,704	-194,603	-20,489	-5,405,124
Transfers to Stage 1 from other stages	232	-57	-175	-	-
Transfers to Stage 2 from other stages	-373,072	399,397	-29,907	3,582	-
Transfers to Stage 3 from other stages	-2,424,191	-140,520	2,554,990	9,721	-
Impact on year end ECL of exposures transferred between stages during the year	177,836	-33,089	7,668,751	-	7,813,498
Amounts written off	-	-	-9,498,632	-	-9,498,632
Foreign exchange adjustments	252,490	34,610	205,059	-17,312	474,847
As at 31 March 2019	**6,730,274**	**874,456**	**4,914,143**	**(497,556)**	**12,021,318**
Net carrying amount as at 31 March 2019	**918,713,228**	**2,741,527**	**2,380,773**	**497,557**	**924,333,084**

	31 March 2020 EURO	31 March 2019 EURO
On balance sheet – loans to customers – Net	1,329,433,567	845,782,669
Off balance sheet – loans to customers – Net	69,007,517	65,122,474
Impact of Demerger	-	78,550,415
Total	**1,398,441,084**	**989,455,558**

The off balance sheet - loans to customers represent the loans to customers derecognized because 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 2020 EURO	31 March 2019 EURO
Derivative financial assets		
Non deliverable forward contracts	268,790	3,116
Derivative financial liabilities		
Non deliverable forward contracts	-588,191	-1,810,369
Total	**-319,401**	**-1,807,253**

Foreign exchange risk arises when a Group's company enters into transaction(s) 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 16.8 mln (31 March 2019; EUR 22.9 mln)

It relates to 22 forward contracts as follows:	EURO
PHP 583.9 million notional amount, with a total fair-value of	-588,191
IDR 130,351.6 million notional amount, with a total fair value of	268,790
	-319,401

Settlement dates of the forward contracts range between April 2020 and October 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	
	2019/2020 EURO	2018/2019 EURO	2019/2020 EURO	2018/2019 EURO
Opening balance	**-132,973**	**15,506**	**-103,221**	**-**
Hedging contracts settled during the period	132,973	-15,506	103,221	-
New hedging contracts entered	191,614	-132,973	33,268	-103,221
	324,587	-148,479	136,489	-103,221
Closing balance	**191,614**	**-132,973**	**33,268**	**-103,221**

19. Other assets

	31 March 2020 EURO	31 March 2019* EURO
Security deposits (cash collateral for rent of offices and branches)	1,412,109	1,316,050
Net interest receivable	9,516,143	4,032,516
Collateral against borrowing	8,702,664	5,299,632
Collateral for hedging transactions	2,372,000	2,690,000
Tax and social security	3,306,135	1,903,030
Staff loans and advances	801,660	696,312
Prepayments	800,981	948,088
Advances	297,328	194,695
Accounts receivable	166,409	-
Others	4,564,440	4,011,795
Impact of Demerger	-	6,166,086
Total	**31,939,868**	**27,258,204**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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:

	31 March 2020 EURO	31 March 2019 EURO
Securitizations		
Carrying amount of transferred assets measured at amortized cost	11,838,839	20,658,252
Carrying amount of associated liabilities (Debt securities - measured at amortized cost)	9,767,632	20,519,900
Net position	**2,071,208**	**138,352**

21. Other liabilities

	31 March 2020 EURO	31 March 2019* EURO
Trade payables	4,818,563	2,829,391
Accrued interest payable on borrowings	8,585,117	4,878,357
Employee liabilities (see note 23)	5,149,116	3,712,931
Insurances	483,422	9,852
Donations	598,175	516,075
Accrued expenses	183,301	289,178
Tax and social security	1,338,726	815,230
Other liabilities	6,327,071	7,948,006
Impact of Demerger	-	10,509,724
Total	**27,483,491**	**31,508,744**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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 2020 EURO	31 March 2019* EURO
Interest-bearing loans and borrowings	1,175,528,654	649,428,982
Lease liabilities	7,605,837	-
Impact of Demerger	-	43,798,911
Total	**1,183,134,491**	**693,227,893**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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 is as follows:

	31 March 2020 EURO	31 March 2019* EURO
EUR	32,998,224	27,900,000
INR	1,142,530,430	621,528,982
Impact of Demerger	-	43,798,911
Total	**1,175,528,654**	**693,227,893**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Breach of 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. The Group companies have substantially respected all covenants, as a result of which it was received no request to accelerate the repayment of any outstanding loan. Some covenants have been breached for which waivers have been obtained by relevant counterpart.

Further, the Reserve Bank of India, through circulars dated March 27, 2020 and May 23, 2020 allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 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 2020	Floating rate EURO	Fixed rate EURO	Total EURO
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**

31 March 2019	Floating rate* EURO	Fixed rate* EURO	Total* EURO
Expiry within 1 year	-	20,629	20,629
Expiry within 1 and 2 years	-	142	142
Expiry in more than 2 years	-	-	-
Impact of Demerger	1,775,515	1,682,108	3,457,623
Total	**1,775,515**	**1,702,879**	**3,478,394**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

23. Employee benefit liabilities

Liabilities for employee benefits comprise:

	31 March 2020 EURO	31 March 2019* EURO
Accrual for annual leave	1,758,980	1,060,830
Other employee payables (salaries, bonus etc.)	3,390,136	2,652,101
Total	**5,149,116**	**3,712,931**
Categorised as:		
Current	5,149,116	3,712,931
Non-current	-	-
Total	**5,149,116**	**3,712,931**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

24. Deferred tax

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

	Asset 2019/2020 EURO	Liabilities 2019/2020 EURO	Asset 2018/2019 EURO	Liabilities 2018/2019 EURO
Opening balance – Carrying amount - IAS 39	**5,550,214**	**-**	**7,272,125**	**329,968**
Re-measurements due to IFRS 9	-		-2,569,053	-
Opening balance – Re-stated – IFRS 9	**5,550,214**	**-**	**4,703,072**	**329,968**
Recognized in profit or loss account				
Tax benefit	-		-40,984	
Amortization of Intangibles	-	-	-	-318,792
Others	-	-	52,120	-
Other reconciling items				
Foreign currency translation	-436,560	-	259,339	-1,792
Impact of difference between tax depreciation and depreciation/amortization charged to profit or loss account	84,250	-	-26,101	-
Impact of disallowance of leave encashment	51,870	-	132,168	-
Impact of allowance against other assets	-194,739	-	91,963	-
Impact of allowance against standard and non-performing loans to customers	4,224,071	-	1,275,282	
Impact of conversion from Indian GAAP to IFRS	194,271	-	-1,567,933	
Tax charge (credit) relating to components of other comprehensive income	946,672	-	555,790	-
Acquisition and merger	-3,203,863	-	-	-
Others	-287,362	-	1,020,704	-
Closing Balance	**6,928,824**	**-**	**6,455,420**	**9,384**
Impact from the Demerger		-	-905,206	-9,384

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).

Increase in Others is on account of IPO expenses at CA Grameen.

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 31 March 2020 EURO	Liability 31 March 2020 EURO	Net 31 March 2020 EURO	(Charged)/ credited to profit or loss 2019/2020 EURO	(Charged)/ credited to equity 2019/2020 EURO
Tax losses carried forward	-	-	-	-	-
Temporary differences 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	442,299	-	442,299	-	
Tax relating to components of OCI	-	-	-		
comprehensive income	-	-	-	-	-
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**	**-**

	Asset 31 March 2019 EURO	Liability 31 March 2019 EURO	Net 31 March 2019 EURO	(Charged)/ credited to profit or loss 2018/2019 EURO	(Charged)/ credited to equity 2018/2019 EURO
Tax losses carried forward	349,854	-	349,854	141,428	-
Temporary differences on property and equipment	203,259	-	203,259	78,129	-
Employee retirement benefit liabilities	59,193	9,384	49,808	20,837	-
Other liabilities and provisions	192,036	-	192,036	102,698	-
Other temporary and deductible differences	523,512	-	523,512	33,234	-
Impact of conversion from Indian GAAP to IFRS	15,296	-	15,296	-1,646,197	-
Intangible assets		-	-	318,792	-
Impairment allowance	5,112,270	-	5,112,270	1,530,982	
Tax relating to components of OCO	-				
Net tax assets/(liabilities)	**6,455,420**	**9,384**	**6,446,035**	**579,903**	**-**
Tax asset/(liabilities)	**6,455,420**	**9,384**	**6,446,035**	**579,903**	**-**
Effects of offsetting	-	-	-	-	-
Net tax assets/(liabilities)	**6,455,420**	**9,384**	**6,446,035**	**579,903**	**-**
Impact from the Demerger	-905,206	-9,384	895,822	-321,699	-

A deferred tax asset has not been recognized for the following:

	31 March 2020 EURO	31 March 2019* EURO
Unused tax losses	23,158,715	17,892,471
Impact of the Demerger		947,615
Unused tax losses	**23,158,715**	**18,840,086**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

The unused tax losses expire as follows:

Country	Amount	Expiry
Netherlands	EUR 23.1 mln	2024-2027

25. Share capital

Authorized capital

	31 March 2020 Number	31 March 2020 EURO	31 March 2019 Number	31 March 2019 EURO
Ordinary shares of 1 euro 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**

All issued shares are fully paid up.

Issued and fully paid capital	2019/2020 Number	2019/2020 EURO	2018/2019 Number	2018/2019 EURO
Ordinary shares of 1 euro each				
Opening balance	**41,942,188**	**41,942,188**	**41,942,188**	**41,942,188**
Conversion of convertible equity certificates	3,898,380	3,898,380	-	-
	45,840,568	**45,840,568**	**41,942,188**	**41,942,188**
Issue of share capital	-	-	-	-
Closing balance	**45,840,568**	**45,840,568**	**41,942,188**	**41,942,188**

26. Reserves

The following describes the nature and purpose of each reserve within 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 (FY18/19: 283,000). During FY19/20 nr. 897 (FY18/19: 0) treasury shares have been sold to employees of CreditAccess India NV at prevailing market price of Eur 15,00 per share, on account of which transfer the Treasury Shares reserve has reduced by Eur 1,019 representing the purchase price of such shares.
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 functioning 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, Luxemburg) 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, Luxemburg and Microventures Investments SA SICAR, Luxemburg).
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). 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). 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 launched the public listing of its flagship subsidiary CA Grameen Limited in India. The IPO size was EUR 141 million and comprised a primary issuance (EUR 79 million) and a secondary sale by CreditAccess Asia N.V. (post IPO ownership then reduced to 80.19%, against pre-IPO ownership of 98.88%). The proceeds of the secondary sale amounted to EUR 57.2 million, net of local taxes, and resulted in an increase of EUR 38.8 million in Other reserves. The impact and further details are disclosed in note 16. Other reserves included an amount of EUR 8,909,100 pertaining to 3,898,380 Convertible Preferred Equity Certificates with the face value of EUR 1.00 each which have been reclassified from liability to equity in accordance with amended terms and conditions in FY15/16. In FY19/20, such amount was reversed (EUR 3,989,380 through share capital and EUR 5,010,720 through share premium) upon the conversion of the CPEC into equity shares of the Company.
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	Retained earnings
	EURO	EURO		EURO	EURO
Period up to 31 March 2020					
Items that are or may be reclassified subsequently to profit or loss:					
Available-for-sale investments					
Valuation (losses)/gains on available-for-sale investments	-	-	-	-	-
Transferred to profit or loss on sale	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-2,774,639	-	-	-11,974,765	-
Effective portion of changes in fair-value on cash-flow hedges	-	324,589	-	-	-
Net change in cost of hedging	-	-	136,489	-	-
Tax relating to items that may be reclassified	-	-	-	-	-
	-2,774,639	**324,589**	**136,489**	**-11,974,765**	**-**
Period up to 31 March 2019					
Items that are or may be reclassified subsequently to profit or loss:					
Available-for-sale investments					
Valuation (losses)/gains on available-for-sale investments	-	-	-	-	-
Transferred to profit or loss on sale	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-653,859	-	-	-9,540,615	-
Reversal on sale of shares CA-GR				1,695,637	
Effective portion of changes in fair-value on cash-flow hedges	-	-148,479	-	-	-
Net change in cost of hedging			-103,221		
Tax relating to items that may be reclassified	-	-	-	-	-
	-653,859	**-148,479**	**-103,221**	**-7,844,978**	**-**

28. Commitments and contingent liabilities

Amounts are due as follows:

	31 March 2020	31 March 2019*
	EURO	EURO
Not later than one year	965,000	587,000
Later than one year and not later than five years	-	420,000
Later than five years	-	-
Impact of Demerger	-	795,000
Total	**965,000**	**1,802,000**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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 (31Mar19: minimum lease payments for offices and branches 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 on 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. 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	
	2019/2020	**2018/2019**
Retirement age	60 years	60 years
Mortality rate	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate
Disability rate	5% of mortality rates	5% of mortality rates
Average age	27.54 years	27.38 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	
	2019/2020 EURO	2018/2019* EURO	2019/2020 EURO	2018/2019* EURO	2019/2020 EURO	2018/2019* EURO
Opening balance	**1,330,405**	**792,950**	**798,576**	**572,847**	**531,829**	**220,103**
Current service cost	460,639	322,793	-	-	460,639	322,793
Interest cost/(income)	78,191	58,692	-	-	78,191	58,692
Past service cost and settlements	-	-	-	-	-	-
Included in profit or loss	538,830	381,485	-	-	538,830	381,485
Return on plan assets	-	-	61,849	50,378	-61,849	-50,378
Actuarial changes arising from changes in demographical assumptions	11,965	141,468	15,505	-37,983	-3,540	179,451
Actuarial changes arising from changes in financial assumptions	-	-	-	-	-	-
Experience adjustments	--	-	-	-	-	-
Included in other comprehensive income	11,965	141,468	77,354	12,395	-65,389	129,073
Employer contributions	-	-	524,534	218,341	-524,534	-218,341
Benefits paid	-48,387	-32,295	-48,387	-32,295	-	-
Acquisitions	322,231	-	-	-	322,231	-
Other Movements	273,844	-32,295	476,147	186,046	-202,303	-218,341
Foreign exchange differences	-123,907	46,797	-77,269	27,288	-46,638	19,509
Impact of the Demerger	-	413,317	-	-	-	413,317
Closing balance	**2,031,137**	**1,743,722**	**1,274,808**	**798,576**	**756,329**	**945,146**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Represented by:		
- Scheme (CA Grameen)	756,329	531,829
- Impact of the Demerger		413,317
Total	**756,329**	**945,146**

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

	Scheme - CA Grameen (India)		
	Defined benefit obligation	**Fair-value of scheme assets**	**Net defined scheme liability**
	2019/2020 EURO	**2019/2020 EURO**	**2019/2020 EURO**
Opening balance	**1,330,405**	**798,576**	**531,829**
Current service cost	460,639	-	460,639
Interest cost/(income)	78,191	-	78,191
Past service cost and settlements	-	-	-
Included in profit or loss	538,830	-	538,830
Return on plan assets	-	61,849	-61,849
Actuarial changes arising from changes in demographical assumptions	11,965	15,505	-3,540
Experience adjustments	-	-	-
Included in other comprehensive income	11,965	77,354	-65,389
Employer contributions	-	524,534	-524,534
Benefits paid	-48,387	-48,387	-
Acquisition	322,231	-	322,231
Other Movements	273,844	476,147	-202,303
Foreign exchange differences	-123,907	-77,269	-46,638
Closing balance	**2,031,137**	**1,274,808**	**756,329**

(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 2020 EURO
1% increase in discount-rate	162,865
1% decrease in discount-rate	486,773
1% increase in the salary increase rate assumption	459,798
1% decrease in the salary increase rate assumption	181,742

(v) Others

The expected contributions to the plan for the next Annual Reporting period amounts to EUR 626,063

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

	31 March 2020 EURO
Cash and cash equivalents	-
Investments quoted in active markets	-
Unquoted investments	-
Others; Assets under insurance schemes	1,274,808
	1,274,808

30. Share-based payment

CreditAccess Asia N.V. continued an equity-settled share-based remuneration scheme for key management personnel and senior employees across the whole Group.
Under this program participants may be granted up to 1,200,000 options, annually in maximum 5 consecutive years.
The actual number of options granted will be decided upon by the Board, based on the achievement of the Group financial targets and individual KPI's.
On 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 314,348 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. Furthermore, on 20 November 2019 the Company has forfeited 38,104 options across the four 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.
The Exercise Period of each Grant commences on the Vesting Date and expires at the end of the 48th month from the Vesting date of such Grant.
No amounts are paid or payable by the recipient upon grant of the options. The options carry neither right 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.
The fair-value of the options granted was determined using a Black-Scholes method of valuation with the following key assumptions: strike price EUR 15.00, underlying stock price EUR 15.00, dividend yield 0%, discount rate -0.187%, volatility of the stock equal to CA Grameen stock volatility at 33.76%.

Options	2019/2020 Weighted average exercise price (EUR)	2019/2020 Number	2018/2019 Weighted average exercise price (EUR)	2018/2019 Number
Outstanding at beginning of period	7,44	669,137	6,25	357,830
Granted during the period	15,00	216,994	8,75	318,931
Forfeited during the period	-	-38,104	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	8,11	-4,532	6.46	-7,624
Outstanding at end of period	**9,72**	**843,495**	**7,44**	**669,137**

The weighted average exercise price of options outstanding at 31 March 2020 was EUR 9.72 and their weighted average remaining contractual life was 4.84 year. Of the total number of options outstanding at 31 March 2020, none had vested and none were exercisable. At 31 March 2020 there were still 356,505 options available for grant.

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-2016	31-Mar-2016	7 years	4.79	-
Grant 2	195,922	07-Sep-2017	31-Mar-2017	7 years	7.46	1.36
Grant 3	318,931	01-Dec-2018	31-Mar-2018	7 years	8.75	1.49
Grant 4	216,994	20-Nov02019	31-Mar-2019	7 years	15.00	2.98

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

	2019/2020 EURO	2018/2019 EURO
Fourth Grant	63,931	-
Third Grant	184,024	59,964
Second Grant	69,846	69,656
First Grant	73,259	73,059
	391,060	202,679
Re-allocation prior period	697	-
Remeasurement due to lapsed options	-3,808	-
Remeasurement due to forfeited options	-27,226	-
	360,724	**202,679**

Furthermore CA Grameen, India, operates an equity-settled share-based remuneration scheme for its employees. Details are as follows:

Options	2019/2020 Weighted average exercise price (EUR)	2019/2020 Number	2018/2019 Weighted average exercise price (EUR)	2018/2019 Number
Outstanding at beginning of period	0,55 (INR 42.64)	1,780,672	1,07 (INR 85.56)	2,087,250
Granted during the period	-	-	-	-
Forfeited during the period	-	-	0,53 (INR 43)	-22,050
Exercised during the period	0.91 (INR 72.09)	-405,490	0,53 (INR 43)	-226,469
Lapsed/expired during the period	1.40 (INR 110.51)	-32,107	0,53 (INR 43)	-58,059
Outstanding at end of period	**0.91 (INR 75.52)**	**1,343,075**	**0.55 (INR 42.64)**	**1,780,672**

The exercise price of options outstanding at 31 March 2020 ranged between EUR 0.34 (INR 27) and EUR 1.53 (INR 120.87) with weighted average exercise price of EUR 1.18 (INR 97.67) and a weighted average remaining contractual life of 3.60 years. As at 31 March 2020, 669,039 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:

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

	2019/2020 EURO	2018/2019* EURO
Equity-settled schemes	678,787	747,920
Impact of the Demerger	-	-5,686
Equity-settled schemes	**678,787**	**742,234**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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 Chief Executive Officer, being the sole executive director of the Company, and the 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 CEO consists of annual fixed remuneration and long term variable remuneration. During the financial year, the CEO has been granted 62,500 options, (FY18/19: 162,500) under the equity-settled share based remuneration scheme of CreditAccess India N.V. as further described in note 30.
The expenses recognized related to these options for FY19/20 amounted to EUR 18,414 (i.e. EUR 0.29 per each option)

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

Non-executive directors	**Remuneration 2019/2020 EURO**	**Remuneration 2018/2019 EURO**
Mr. K.J.M. Slobbe (chairman)	50,000	50,000
Mr. D. Mintz	43,500	43,500
Mr. J. Epstein	42,250	43,000
Mr. F.G.M. Moccagatta	41,000	41,000
Mr. G. Siccardo	38,500	38,500
Mr. F. Carini	36,000	36,000
Ms. E.C.M. Boerhof	41,500	41,500
Mr. M.R. Spongano	-	-
	292,750	**293,500**
Executive directors		
Mr. P. Brichetti (CEO) incl. expenses related to options as detailed above	327,224	332,200
Total (Non-executive + Executive)	**619,974**	**625,700**

32. Subsequent events

COVID-19 pandemic is unprecedent event and the Group estimates of impairment of loans to customers are highly dependent on uncertain future developments.

33. Notes supporting statement of cash flows

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

	2019/2020 EURO	**2018/2019* EURO**
Cash at bank and in hand available on demand	70,741,541	74,554,181
Short-term deposits	53,082,716	36,670,570
Impact of the Demerger		14,415,371
Total	**123,824,257**	**125,640,122**

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Company statement of profit or loss

	Note	2019/2020 EURO	2018/2019 EURO
Interest income and fees	35	2,510,730	2,535,232
Interest expenses and fees	36	-2,903,514	-3,586,697
Net interest income and fees		**-392,784**	**-1,051,465**
Other income		-	53,156
Total income		**-392,784**	**-998,309**
Credit loss expenses		-	-
Gross result		**-392,784**	**-998,309**
Personnel expenses	37	1,853,666	1,657,894
Depreciation and amortisation		106,245	20,099
Other operating expenses	38	1,502,906	674,948
Shared services		-18,614	-788,553
Operating expenses		**3,444,203**	**2,352,941**
Operating result before value adjustments		**-3,836,987**	**-3,351,250**
Result from foreign currency denominated transactions		-311,487	40,968
Realised gains from disposal of Available-for-sale investments		-	-
Share in result of subsidiaries	40	33,386,138	34,686,329
Share in result of associates	41	-92,753	-
		32,981,898	**34,727,297**
Result before taxation		**29,144,910**	**31,376,047**
Taxation on result		-	-
Result for the period		**29,144,910**	**31,376,047**

Company balance sheet

(before appropriation of result)	Note	31 March 2020 EURO	31 March 2019 EURO
Assets			
Non-current assets			
Intangible fixed assets	39	8,383,598	16,053,512
Tangible fixed assets	39.a	152,338	51,187
Investments in subsidiaries	40	263,703,419	258,043,641
Investments in associates	41	30,047	-
Loans to CreditAccess SEA Group	42	4,779,423	17,971,227
Derivative financial instruments		82,855	-
Total Non-current assets		**277,131,680**	**292,119,567**
Current assets			
Loans to CreditAccess SEA Group	42	12,048,584	12,092,733
Other assets	43	2,780,572	2,910,721
Derivative financial instruments	46	185,933	3,116
Cash and cash equivalents	44	46,032,981	41,137,959
Total current assets		**61,048,070**	**56,144,529**
Total assets		**338,179,750**	**348,264,096**
Liabilities			
Short term liabilities			
Finance debt	47	-	3,100,000
Lease liabilities	39.a	92,059	-
Other liabilities	45	2,180,140	728,096
Derivative financial instruments	46	588,191	1,810,369
Total short term liabilities		**2,860,390**	**5,638,465**
Current assets minus short term liabilities		**58,187,680**	**50,506,064**
Assets minus short term liabilities		**335,319,360**	**342,625,631**
Long term liabilities			
Finance debt	47	32,998,224	24,800,000
Lease liabilities	39.a	46,399	-
Other liabilities	45	358,348	-
Total long term liabilities		**33,402,971**	**24,800,000**
Total liabilities		**36,263,361**	**30,438,465**
Assets minus liabilities		**301,916,389**	**317,825,631**
Capital and reserves attributable to owners of the company	48		
Share capital		45,840,568	41,942,188
Share premium		114,729,160	138,536,809
Treasury shares		-320,433	-321,452
Merger reserve		798,915	798,915
Translation reserve		-36,965,740	-26,692,013
Revaluation reserve		-3,392,173	-539,977
Cash flow hedge reserve		191,614	-132,973
Cost of hedging reserve		33,268	-103,221
Other reserves		97,164,515	109,406,089
Retained earnings		83,836,695	54,931,266
Total equity		**301,916,389**	**317,825,631**
Total equity and liabilities		**338,179,750**	**348,264,096**

Notes to the Company financial statements

34. Accounting policies for the Company financial statements

The Company financial statements of CreditAccess Asia N.V., which form part of the consolidated financial statements for 31 March 2019 of the Company, 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 Asia 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 Asia N.V. has legally enforceable or constructive obligation.

Refer to note 3.4. for the accounting impact of the Demerger:

35. Interest Income and fees

The Company earns interest income mainly on loans provided entities which were subsidiaries at the time of extending the loans and have eventually have been demerged into CreditAccess SEA Group in FY 19/20:

	2019/2020 EURO	2018/2019* EURO
Interest on loans to institutions	2,312,615	2,039,315
Others	198,115	614
Impact of Demerger	-	495,303
Total	**2,510,730**	**2,535,232**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

36. Interest expenses and fees

	2019/2020 EURO	2018/2019 EURO
Interest on IPO Incentive Bond	-	1,604,860
Interest on Global bond (Mediobanca)	554,602	508,851
Interest on other external borrowing and similar expenses	794,471	288,375
Hedging expenses (amortization of forward points)	1,286,711	1,184,611
Negative interest on credit balance with banks	261,159	-
Interest on Right of Use Assets	6,571	-
Total	**2,903,514**	**3,586,697**

37. Personnel expenses

	2019/2020 EURO	2018/2019 EURO
Personnel expenses (including CEO) comprise:		
Wages and salaries	1,391,320	1,350,293
Social security costs	101,622	104,922
Share based payments to employees and the CEO	360,724	202,679
Total	**1,853,666**	**1,657,894**

The average number of employees (full time equivalent, rounded) was 10 (2018/2019: 11)
See note 30 for more information on the share based payments.

38. Other operating expenses

	2019/2020 EURO	2018/2019* EURO
Directors fees	292,750	293,500
Travel and lodging	188,314	167,206
Audit and accounting	115,844	152,457
Other professional fees	586,516	148,072
Rental and office expenses (exempted from IFRS16)	30,249	113,982
Communication and IT	45,415	66,875
Business advisory	10,138	59,603
Legal fees	113,764	49,407
Insurance	48,108	45,463
Marketing and advertising	7,271	28,452
Staff training and benefits	37,015	11,269
Bank charges	3,164	6,539
Equity advisory	1,586	-551,463
Other operating expenses	22,772	49,918
Impact of Demerger	-	33,668
Total	**1,502,906**	**674,948**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Equity advisory in FY18/19 includes the retrospective effect of the allocation of expenses related to the IPO of CA Grameen incurred during FY17/18.
Rental has decreased because of the capitalized amounts in relation to IFRS16.

Shared services relates to re-charges to CreditAccess SEA BV, for joint resources and facilities.

39 Intangible fixed assets

Intangible fixed assets include Goodwill amounting to EUR 8,383,598 (31 March 2019; EUR 8,942,368).

The movements during the period are as follows:

	2019/2020 EURO			2018/2019 EURO		
			Goodwill			Goodwill
	Cost	Accumulated amortisation and impairment	Net book value	Cost	Accumulated amortisation and impairment	Net book value
Opening balance	**8,942,368**	**-**	**8,942,368**	**15,373,738**	**-**	**15,373,738**
Acquired through business combinations	-	-	-	-	-	-
Amortisation and impairment	-	-	-	-	-	-
Foreign exchange rate movements	-558,770	-	-558,770	679,774	-	679,774
Closing balance	**8,383,598**	**-**	**8,383,598**	**16,053,512**	**-**	**16,053,512**
Impact from demerger	-	-	-	-7,111,144	-	-7,111,144

See note 15 for more information on Goodwill.

39.a Tangible fixed assets

	31March 2020 EURO	31March 2019 EURO
Lease assets	118,923	-
Other Tangible fixed assets	33,415	51,187
Total tangible fixed assets	**152,338**	**51,187**

Movement schedule of carrying amounts of Lease assets

	Buildings EURO	Total EURO
Right of use assets		
Recognized amount per 1 April 2019, as per IFRS16.c.8.(b)(iii)	205,411	205,411
Movements during the period		
Additions	-	-
Disposals	-	-
Depreciation	-86,488	-86,488
At 31 March 2020	**118,923**	**118,923**
Lease liability		
Recognized amount per 1 April 2019, as per IFRS16.c.8.(b)(iii)	205,411	205,411
Movements during the period		
Accretion of interest	6,571	6,571
Payments (reducing the lease-liability)	-73,524	-73,524
At 31 March 2020	**138,458**	**138,458**
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 2020 EURO	31 March 2019 EURO
Lease liabilities – Long term	46,399	-
Lease liabilities – Short term	92,059	-
Total	**138,458**	**-**

Movement schedule of carrying amounts of other tangible fixed assets

	Leasehold improvements EURO	Furniture and fixtures EURO	Computer equipment EURO	Total EURO
Cost of the tangible asset	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**

Movement schedule of carrying amounts

	Leasehold improvements EURO	Furniture and fixtures EURO	Computer equipment EURO	Total EURO
Cost of the tangible asset	50,094	16,662	30,714	97,470
Accumulated Depreciation	-25,580	-8,043	-12,660	-46,283
Net book value at 31 March 2019	**24,514**	**8,619**	**18,054**	**51,187**

40. Investments in subsidiaries

The movements during the period are as follows:

	2019/2020 EURO	2018/2019 EURO
Opening balance	**244,092,917**	**185,300,628**
Movements due to IFRS 9 re-measurements	-	4,431,540
Additions arising from direct acquisitions:		
- MVH Srl	410,000	-
- CA-SEC BV	1,001	-
- CAA BOS Ltd	-	1,021,620
	411,001	1,021,620
Capital reductions:		
- CA Vietnam	-	-489,228
	-	-489,228
Sale of shares (while maintaining controlling interest)		
- Carrying amount of shares sold in CA Grameen (see note 16)	-	-16,406,825
- Value step-up related to share-premium of CA Grameen on IPO (see note 16)	-	60,373,686
Share in result of subsidiaries:	33,386,138	34,686,329
Share in participations, directly through equity	-2,774,639	-653,858
Exchange rate differences	-11,411,998	-10,220,251
Closing balance	**263,703,419**	**258,043,641**
Impact from Demerger of CreditAccess SEA B.V.		
- PT Konsultasi Mikro Ventura and PT Bina Artha Ventura	-	-8,611,905
- CreditAccess Philippines Financing Company	-	-5,026,267
- CAA BOS Ltd.	-	-205,859
- CAA Vietnam Trading Company Ltd.	-	-106,693
	-	-13,950,724

Share in result of subsidiaries mostly represent CAI NV portion of profits after tax of CA Grameen equal to EUR 33.8 mln. (FY18/19: 34.2 mln.)

In FY18/19 CreditAccess launched the public listing of its flagship subsidiary CA Grameen in India. The IPO was successfully completed in August 2018, welcomed by the capital market with an oversubscription of 2.2 times from investors all over the world (23 anchor investors from the US, Asia and the UK and overall around 150,000 investors).
The IPO size was EUR 141 million and comprised a primary issuance (EUR 79 million) and a secondary sale by CreditAccess India NV (EUR 63 million). At the issue price of INR 422 (EUR 5.24) per share, CA Grameen had a market capitalization after listing of EUR 766 million. CreditAccess India N.V. held 98.88% of CA Grameen Limited before listing, which reduced to a current 80.19% after listing. Further details are disclosed in note 16.
A number of shares equal to 20% of 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 associate at 31 March 2020. Upon receiving the license and fulfilment of the business plan, CreditAccess India N.V. plans to contribute up to 735 million INR (9.5 million EUR at EUR/INR 77.719) capital to the life insurance company.The movements during the period are as follows:

	2019/2020 EURO	2018/2019 EURO
Opening balance	**-**	**-**
Additions arising from direct acquisitions	126,795	-
Share in result	-92,753	-
Exchange rate differences	- 3,996	-
Closing balance	**30,047**	**-**

42. Loans and receivables to CreditAccess SEA Group

	31 March 2020 EURO	31 March 2019* EURO
PT Bina Artha Ventura: Senior debt	6,715,451	7,500,638
PT Bina Artha Ventura: Interest on senior loans	243,628	285,686
CreditAccess Philippines: Senior debt	9,478,209	15,395,683
CreditAccess Philippines: Interest on senior loans	390,719	437,734
Impact of the Demerger		6,444,219
Total	**16,828,007**	**30,063,960**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

Current/ Non-current	31 March 2020 EURO	31 March 2019 EURO
Loans to CreditAccess SEA Group – Non-Current	4,779,423	17,971,227
Loans to CreditAccess SEA Group – Current	634,347	878,175
Interest on Loans to CreditAccess SEA Group – Current	11,414,237	11,214,558
Total	**16,828,007**	**30,063,960**

At March 2020, the ECL on the Loans and receivables to CreditAccess SEA Group is immaterial and hence no impairment has been booked in both consolidated and stand alone financial statements. The ECL model is detailed in note 3.4.
Loans and receivables to CreditAccess SEA Group are considered related-party transactions (refer note 31).

43. Other assets

	31 March 2020 EURO	31 March 2019* EURO
Trade receivables	166,408	-
Collateral against hedging	2,372,000	2,690,000
Prepayments	175,862	334,738
Tax and social security	34,864	23,808
Other receivables	31,438	26,503
Impact of the Demerger	-	-164,328
Total	**2,780,572**	**2,910,721**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

44. Cash and cash equivalents

	31 March 2020 EURO	31 March 2019* EURO
Cash at bank and in hand available on demand	46,032,981	37,354,717
Impact of the Demerger	-	3,783,242
Cash and cash equivalents	**46,032,981**	**41,137,959**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.

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 2020 EURO	31 March 2019* EURO
Trade payables	144,330	40,903
Accrued interest on borrowings	358,347	232,594
Payable to CreditAccess SEA Group	1,764,607	-
Other liabilities and accrued expenses	271,204	507,720
Impact of the Demerger		-53,121
Total	**2,538,488**	**728,096**

*All figures are disclosed taking into account the Demerger impact in order to present comparable information for CA India.
Payable to CreditAccess SEA Group originates 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 2020 EURO	31 March 2019 EURO
Other liabilities – Long term	358,348	-
Other liabilities – Short term	2,180,140	728,096
Total	**2,538,488**	**728,096**

46. Derivative financial instruments

	31 March 2020 EURO	31 March 2019 EURO
Non-deliverable forward contracts – assets – Non-current	82,855	-
Non-deliverable forward contracts – assets – Current	185,933	3,116
Non-deliverable forward contracts – liabilities – Short term	-588,191	-1,810,369
Net derivative financial instruments	**-319,401**	**-1,807,253**

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

47. Finance debt

The movements during the period are as follows:

Financial year 2019/2020	Non-current EURO	Current EURO	Total EURO
Opening balance	**24,800,000**	**3,100,000**	**27,900,000**
Issued bonds	-	-	-
Senior loans received	8,198,224	-	8,194,224
Repayments	-	-3,100,000	-3,100,000
Closing balance	**32,998,224**	**-**	**32,998,224**

Non-current part consists of;

- Global-bond issued via BNY-Mellon; EUR 14.8 million. Maturity; 21 December 2021; Senior debt; Uncollateralized.
- Loan from ‘ASN-Microkredietpool’; EUR 10 million. Maturity; 15 December 2021; Senior debt; Uncollateralized.
- Loans from Responsability; EUR 6.2 million, Maturity 31 May 2022, EUR 2.0 million, Maturity 8 August 2022; Senior debt; Uncollateralized.

The fair value of the non-current finance debt amounts to EUR 33.25 million (31 March 2018; EUR 24.96 million), 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 2020, the average contracted interest rate is 3.81%.

The movements during the prior period are as follows:

Financial year 2018/2019	Non-current EURO	Current EURO	Total EURO
Opening balance	**10,000,000**	**21,500,000**	**31,500,000**
Issued Bonds	4,800,000	-	4,800,000
Senior loans received	10,000,000	3,100,000	13,100,000
Repayments	-	-21,500,000	-21,500,000
Closing balance	**24,800,000**	**3,100,000**	**27,900,000**

48. Equity

The movements during the year are as follows:	Issued and paid-up capital	Share premium	Treasury shares	Merger reserve	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings / Accum.losses	Total
	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO
31 March 2019	**41,942,188**	**138,536,809**	**-321,452**	**798,915**	**-539,977**	**-26,692,013**	**-132,973**	**-103,221**	**109,406,089**	**54,931,266**	**317,825,631**
Impact from demerger	-	-28,818,369	-	-	-77,557	1,701,038	-	-	-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 page 17; '*consolidated statement of changes in equity*)	-	-	1,019	-	-2,774,639	-11,974,765	324,589	136,489	333,498	-	-13,953,808
Net result for the year	-	-	-	-	-	-	-		-	29,144,910	29,144,910
31 March 2020	**45,840,568**	**114,729,160**	**-320,433**	**798,915**	**-3,392,173**	**-36,965,740**	**191,616**	**33,268**	**97,164,515**	**83,836,695**	**301,916,389**

	Issued and paid-up capital	Share premium	Treasury shares	Merger reserve	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings / Accum.losses	Total equity
	EURO	EURO	EURO	EURO	EURO	EURO	EURO		EURO	EURO	EURO
31 March 2018	**41,942,188**	**138,536,809**	**-321,452**	**798,915**	**113,882**	**-18,847,035**	**15,506**	**-**	**10,481,560**	**19,123,265**	**191,843,638**
Impact from adoption of IFRS 9, net of tax	-	-	-	-	-	-	-	-	-	4,431,954	4,431,954
Adjusted opening balance	**41,942,188**	**138,536,809**	**-321,452**	**798,915**	**113,882**	**-18,847,035**	**15,506**	**-**	**10,481,560**	**23,555,219**	**196,275,592**
Capital in-/decreases				-	-	-	-	-	-	-	-
Other movements during the year(*refer to page 17;consolidated statement of changes in equity)*	-	-	-	-	-653,859	-7,844,978	-148,479	-103,221	98,924,529	-	90,173,992
Net result for the year	-	-	-	-	-	-	-	-	-	31,376,047	31,376,047
31 March 2019	**41,942,188**	**138,536,809**	**-321,452**	**798,915**	**-539,977**	**-26,692,013**	**-132,973**	**-103,221**	**109,406,089**	**54,931,266**	**317,825,631**

48. Equity (continued)

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

As at 31 March 2020, 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 30,431,052 (31 March 2019: EUR 20,013,905). It relates to legal reserves of Indian subsidiaries.

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

	31 March 2020	31 March 2019
Share capital	45,840,568	41,942,188
Share premium	114,729,160	138,536,809
Other reserves	27,078,914	61,936,486
Legal reserves (restricted)	30,431,052	20,013,905
Retained earnings / Accum. Losses	83,836,695	55,396,243
Total Equity	**301,916,389**	**317,825,631**

49. Commitments and contingent liabilities

This Company has future obligations for its rented office amounting to EUR 127,000 (31 March 2019: EUR 216,000). An amount of EUR 92,000 (31 March 2019; EUR 89,000) is due within one year and EUR 35,000 (31 March 2019; EUR 127,000) is due between 2 and 5 years.

50. Subsequent events

COVID-19 pandemic is unprecedent event and the Group estimates of impairment of loans to customers are highly dependent on uncertain future developments.

51. Proposed appropriation of the result

The result of EUR 29,144,910 for the year ended 31 March 2020 is shown as 'Result for the period' until the shareholders of the Company approve the FY19/20 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 FY19/20 net result after taxes to 'Retained earnings.

Amsterdam, 31 July 2020
CreditAccess Asia N.V.

Executive Board:
P. Brichetti (CEO)

Non-executive Board:
K.J.M. Slobbe (Chairman of the Company)
E.C.M. Boerhof
F. Carini
J. Epstein
D.R. Mintz
F.G.M. Moccagatta
G. Siccardo
M.R. Spongano

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.

Building a better working world

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 2020 included in the annual report

Our opinion

We have audited the annual financial statements for the year ended 31 March 2020 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 2020, 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 2020, 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 2020
- The following statements for the year then ended: the consolidated statement of profit or 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 2020
- 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 Corona developments

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 and the assessment of the ability to continue as a going concern. The impact may continue to evolve. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The impact of the developments on CreditAccess India N.V. is disclosed in the notes to the financial statements in note 3 and note 4. 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 pursuant 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 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 management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to 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 assignment 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 have detected all material errors and fraud.

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 amongst 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, 31 July 2020

Ernst & Young Accountants LLP

Signed by M.L. Milet de St Aubin

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