CreditAccess

CreditAccess India N.V.

Annual Report FY 2021/22

For the year ended 31 March 2022

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Table of Contents	Page

Table of Contents	Page

Directors' Report

"In business for over 14 years, CreditAccess India N.V. is a well-established company, of healthy and secure financial standing, attracting funds globally and providing working capital loans and other financial services to small, informal businesses and unbanked workers in India. CreditAccess India N.V. serves 3.8+ million clients with 15,500+ employees operating through our subsidiaries' branches in India. Our clients are mainly women running retail shops, small-scale traders, and family farmers."

Vision

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

General information

The Group structure consists inter alia of the parent company CreditAccess India N.V. (the Netherlands) and the core operating companies in microlending business: CreditAccess Grameen Limited (India) and Madura Microfinance Limited (India), as well as a life insurance company: CreditAccess Life Insurance Limited (India), "CALI". CALI has recently received regulatory approval for underwriting life insurance policies.

CreditAccess Grameen Limited (CA Grameen) is India's largest microfinance institution, headquartered in Bengaluru, Karnataka. It is publicly listed on the NSE and BSE, and regulated by the Reserve Bank of India. The company is popularly known as "Grameen Koota" amongst its customers, translating to "rural group" in Kannada.

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

Core activities

Products & Services

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

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

In addition to credit services, the Group distributes life insurance products (from third parties) and to a limited extent health insurance and pension services.

As part of its Vision 2025 strategy the Group has incorporated a dedicated life insurance company CALI, through which the Group will undertake insurance underwriting. The life insurance company – CALI – has recently received regulatory approval to design and underwrite insurance policies for the financially excluded segment of population. This will enable the Group to benefit from the new business of offering insurance / savings products to its rural, unbanked and under-banked customers. The operationalization of CALI is expected to commence in FY22/23.

Geographical areas

CreditAccess India N.V. ("CreditAccess" or "CA India" or the "Company"), formerly known as Credit Access Asia N.V., is the holding company and head office of the Group is located in Amsterdam, the Netherlands. CreditAccess Grameen Limited ("CA Grameen" or "CA-GR") and Madura Microfinance ("Madura" or "MMFL") are the core operating companies located in India that provide primarily loan products to our end customers. CALI is expected to become another core operating company, as it is expected to become operational during FY22/23.

CA Grameen and MMFL have an outreach of 1,635 (+14.8%) branches, in 319 Districts and 14 States & 1 UT of India. Key states by portfolio size are Karnataka 35.9%, Maharashtra 21.5%, Tamil Nadu 20.8%, Madhya Pradesh 7.4% and the remainders contribute to 14.4%.

Customers

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

Business Strategy

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

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

Highlights

This year CA Grameen maintained its position as the largest Non-Banking Financial Company (NBFC) - microfinance institution (MFI) in India with a market share of 16.5% of total Gross Loan Portfolio (FY 20/21: 17%).

1. CA Grameen is the largest NBFC-MFI in India, on account of organic growth of 23.4% YoY in Gross Loan Portfolio including off balance sheet portfolio, reaching EUR 1,960 mln by 31 March 2022 as compared to EUR 1,588 mln on 31 March 2021.
2. The Group achieved a consolidated Net Profit After Taxes of EUR 32.9 mln (FY20/21 EUR 10.0 mln), with a solid capital position and strong balance sheet: EUR 510 mln equity (FY20/21: EUR 475 mln), EUR 2,102 mln total assets (FY20/21: EUR 1,823 mln).

Performance indicators regarding environment and personnel

CA Grameen concentrates on borrowers in rural areas. As per 31 March 2022, the number of borrowers serviced by CA Grameen in rural areas was 84% as compared to urban areas 16% (31 March 2021: 85% vs 15%).

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

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

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

Future outlook

Our strong balance sheet, adequate liquidity and capital position, stable credit rating, strong relationship with our lenders, low cost/income ratio, and the removal of pricing cap by RBI on 1 April 2022 should enable us to receive continued funding access over the coming period. Furthermore, our demonstrated capability of managing asset quality stress, witnessed multiple times in the past, backed by our resilient business model coupled with highly experienced stable management team, should give comfort and confidence to our lenders, investors and various stakeholders.

Below table provides the guidance CA Grameen shared with its investors:

Key Indicators – Consolidated	FY23 Guidance
GLP – Growth %	24.0% - 25.0%
Credit Cost (Provisions + Write-offs) – % of Avg. On-Book Loan Portfolio	1.8% - 2.0%
Return on Assets %	4.0% - 4.2%
Return on Equity %	16.0% - 18.0%

Note: The guidance provided considers a stable operating environment

Key financial information[1]

	CA Grameen Consolidated			CA India NV (Company)			CA India NV (Group)		
Figures in EUR million	**FY19/20**	**FY20/21**	**FY21/22**	**FY19/20**	**FY20/21**	**FY21/22**	**FY19/20**	**FY20/21**	**FY21/22**
Interest income and fees	**207.3**	**264.4**	**296.5**	**2.5**	**1.8**	**0.2**	**209.5**	**266.2**	**296.7**
YoY growth %	*36.3%*	*27.5%*	*12.1%*	*0.4%*	*-28.0%*	*-90.9%*	*12.4%*	*27.1%*	*11.4%*
Interest expenses and fees	-73.6	-107.4	-113.8	-2.9	-2.7	-1.4	-76.5	-110.1	-115.2
Net Interest Margin	**133.7**	**157.0**	**182.7**	**-0.4**	**-0.9**	**-1.3**	**133.0**	**156.1**	**181.4**
YoY growth %	*31.9%*	*17.4%*	*16.4%*	*-63.6%*	*125.0%*	*40.6%*	*5.2%*	*17.4%*	*16.2%*
Other income	8.4	18.5	12.5	0.0	0.0	0.0	8.7	18.5	12.5
Credit loss expenses	-29.4	-87.3	-60.4	0.0	-0.1	0.0	-29.4	-87.3	-60.4
Gross result	**112.7**	**88.2**	**134.9**	**-0.4**	**-1.0**	**-1.3**	**112.3**	**87.3**	**133.6**
Operating expenses	-54.1	-67.4	-79.4	-3.4	-4.2	-7.0	-57.6	-71.7	-86.4
Operating profit	**58.6**	**20.8**	**55.5**	**-3.8**	**-5.2**	**-8.3**	**54.7**	**15.6**	**47.2**
Result from foreign currency denominations	0.0	0.0	0.0	-0.4	0.0	-0.1	-0.4	0.0	-0.1
Share in results of subsidiaries & associates	0.0	0.0	0.0	33.3	12.8	31.3	0.0	0.0	-0.0
Taxation on result	-16.0	-5.7	-14.3	0.0	0.0	0.0	-16.4	-5.7	-14.3
Net Profit After Taxes	**42.6**	**15.1**	**41.2**	**29.1**	**7.6**	**23.0**	**37.8**	**10.0**	**32.9**
YoY growth %	*7.8%*	*-64.6%*	*173.1%*	*-7.3%*	*-73.9%*	*202.2%*	*4.1%*	*-73.5%*	*228.8%*
Fixed Assets	69.9	66.8	68.2	8.5	8.1	8.5	78.4	75.0	76.7
Gross loan portfolio outstanding[2]	1,376.5	1,438.4	1,818.4	0.0	0.0	0.0	1,376.5	1,438.4	1,818.4
Impairment allowance	-37.7	-72.6	-63.5	0.0	0.0	0.0	-37.7	-72.6	-63.5
Net loan portfolio outstanding	1,338.8	1,365.8	1,755.0	0.0	0.0	0.0	1,338.8	1,365.8	1,755.0
YoY growth %	*57.2%*	*2.0%*	*28.5%*	*n.a.*	*n.a.*	*n.a.*	*43.8%*	*2.0%*	*28.5%*
Cash and cash equivalents	77.7	275.0	187.9	46.0	54.1	26.1	123.8	329.1	213.9
All other assets	32.2	47.2	56.5	283.6	324.3	349.5	52.2	53.3	56.8
Total assets	**1,518.6**	**1,754.9**	**2,067.5**	**338.1**	**386.5**	**384.0**	**1,593.2**	**1,823.2**	**2,102.3**
Shareholders' equity	342.9	442.4	484.5	301.9	351.3	374.3	381.2	475.4	509.6
YoY growth %	*12.7%*	*29.0%*	*9.5%*	*-5.0%*	*16.4%*	*6.5%*	*0.8%*	*24.7%*	*7.2%*
Finance debt	1,149.9	1,283.8	1,545.8	33.1	33.4	8.5	1,183.1	1,317.2	1,554.3
All other liabilities	25.8	28.7	37.2	3.1	1.8	1.2	28.9	30.6	38.4
Total equity and liabilities	**1,518.6**	**1,754.9**	**2,067.5**	**338.1**	**386.5**	**384.0**	**1,593.2**	**1,823.2**	**2,102.3**

[1] Figures for the FY20/21 and FY21/22 include full year MMFL, consolidated both by CA Grameen and CA-India NV (Group).

[2] This is excluding off-balance sheet portfolio of loans to customers. The off-balance sheet portfolio amounts to EUR 142 mln at 31 March 2022 (31 March 2021: EUR 149 mln).

Business Growth

After the COVID-19 pandemic, CA Grameen accelerated branch openings in FY21/22. As of 31 March 2022 CA Grameen has 1,635 branches across 319 districts in 14 States and 1 Union Territory. The Group was able to raise the necessary resources all through the year to match the business and operational requirements, leveraging its relationships with banks and financial institutions, as well as forming new lender relationships. Below are the key metrics for FY21/22:

	CA Grameen consolidated		
	Mar/22	Mar/21	%
	A	B	(A-B)/B
Branches	1,635	1,424	14.8%
Borrowers ('000)	3,824	3,912	-3,5%
Gross loan portfolio* (EUR in mln)	1,960	1,588	23.4%
Employees	15,667	14,399	8.8%

* Include on and off balance sheet portfolio

Profitability

A net profit growth of 231.7% of the Group demonstrates the resilience and healthy business model. In the midst of COVID-19 the Group maintained a strong portfolio quality that has led to the robust increase in profitability.

Total interest income of CA Grameen incl. MMFL increased 12.1% from EUR 264.4 mln to EUR 296.5 mln in FY21/22. Total interest expenses of CA Grameen increased only 6.0% from EUR 107.4 mln to EUR 113.8 mln in FY21/22. Net Interest Margin grew by 16.4%. Other income of CA Grameen decreased from EUR 18.5 mln to EUR 12.5 mln in FY21/22. Total credit loss of CA Grameen decreased from EUR 87.3 mln to EUR 60.4 mln in FY21/22. The total expenditure increased from EUR 67.4 mln to EUR 79.4 mln in FY21/22. CA Grameen recorded Profit after Tax of EUR 41.2 mln for FY21/22 compared to EUR 15.1 mln in FY20/21.

Important ratio's improved significantly for CA Grameen:	CA Grameen consolidated	
	Mar/22	Mar/21
Return on Average Assets*	2.2%	0.9%
Return on Average Equity	9.1%	4.0%
Debt to Equity	3.2	2.9

* Include off balance sheet assets

Quality of Portfolio

The overall asset quality which was heavily impacted by the COVID-19 pandemic enhanced significantly in FY21/22. The Group has gradually improved credit collections which resulted in reduction in impairment on loans to customers (ECL rate) from 5.01% in FY20/21 to 3.44% in FY21/22.

Debt Funding Plan

The Group's strategic priority is to ensure the business expansion and proper asset-liability management. The Group net interest-bearing debt amounted to EUR 1,554 million at 31 March 2022.

The Group has a diversified liability portfolio with more than 50 lenders across local and international banks, financial institutions, Non-Bank Financial Institutions and foreign investors. During FY21/22, CA Grameen performed several direct assignments in the local market, which led to a great response to the instruments issued by this company.

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

Liquidity and solvency

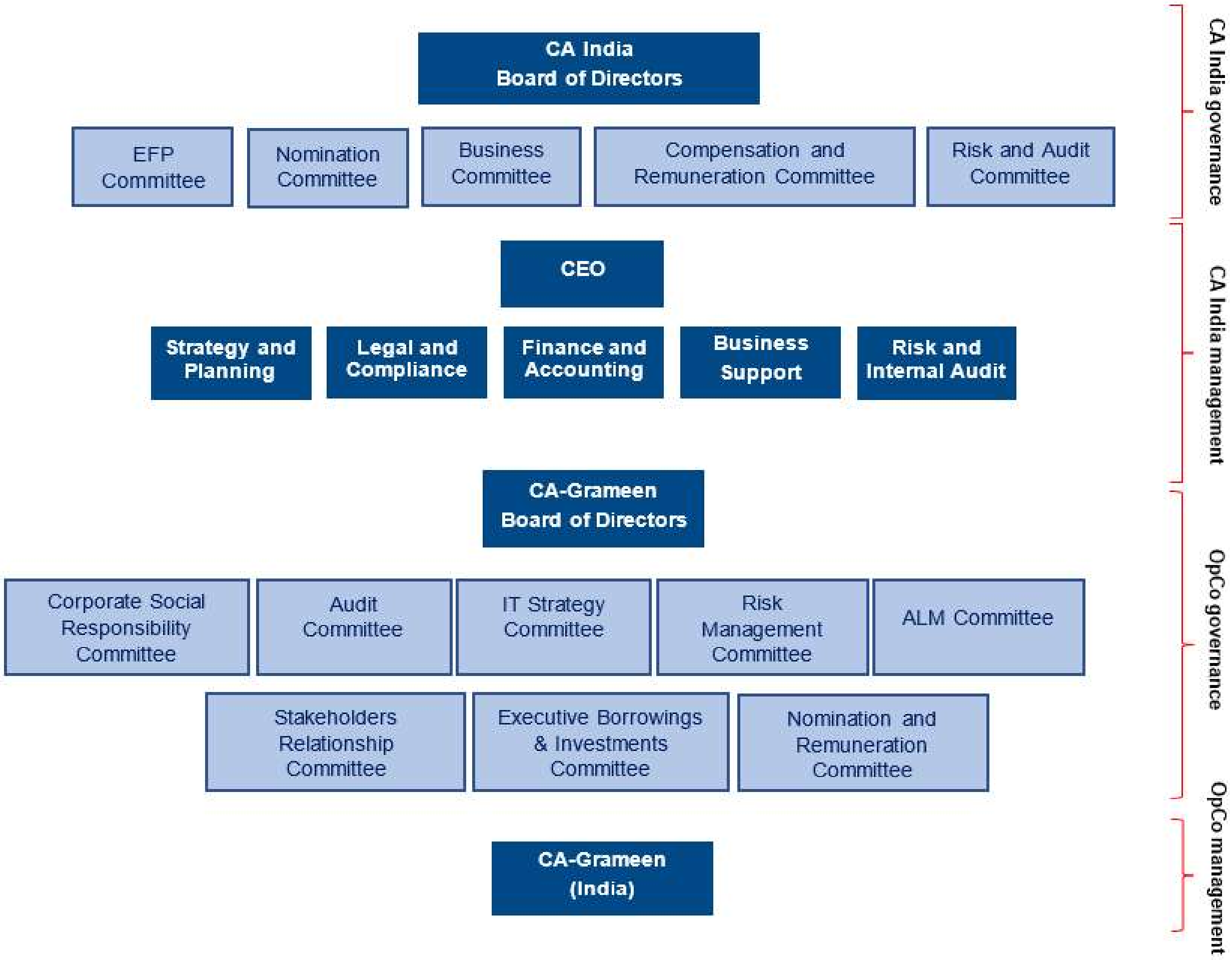
The Group has maintained a very strong capital and cash position with consolidated closing Debt to Equity of 2.63:1 (FY20/21 2.08:1) and Capital to Risk (Risk Weighted) Assets Ratio (CRAR) of the operating companies CA Grameen and MMFL at 26.54% (31 March 2021; 31.75%) and 19.99% (31 March 2021; 20.89%) 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 most maturity buckets.

At year-end the Group reported a sound cash and cash equivalent balance of EUR 214 mln (FY20/21: EUR 329 mln). For more info see sections 5.1 Capital risk management and 5.4 Liquidity Risk.

Organization and Governance structure

The Group has a dual level governance structure, the first level is at the Holding company level and second level is at Operating company level. Each level has its own board and committees to steer, supervise, control and monitor the business. The management team of the Holding company connects the two levels of governance to provide effective control and management. The Chief Risk Officer (of CAI) is a member of the Board of CA Grameen.



Process Integration of Madura Micro Finance Ltd

The Company successfully completed the process integration of Madura Micro Finance Ltd ('MMFL'). All 471 MMFL branches were transitioned to CA Grameen branch model and incremental lending starting from October 2021 was provided under CA Grameen lending model with weekly/bi-weekly repayment cycles. Adequate training sessions were conducted for MMFL staff to make them comfortable with CA Grameen's operating model, processes, and controls. Technology integration was also implemented extending CA Grameen's core banking solution, digital field application, customer onboarding tool, and branch audit portal to MMFL branches. Customer data migration, automation of reports and alignment of monthly MIS was successfully completed.

Board of Directors

The holding company is managed by a one-tier board which reports to the General Meeting of Shareholders. The composition of the Board as from the Annual General Meeting of 31 January 2022 comprised of the following members:

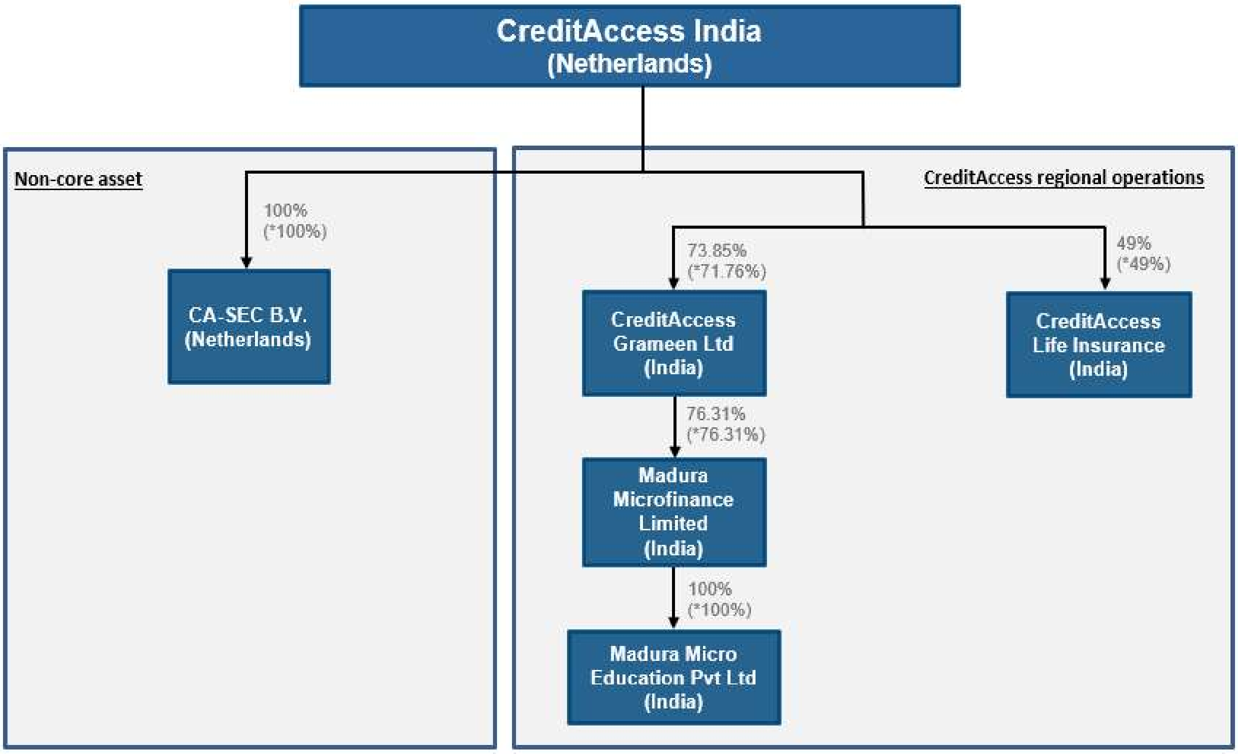
Board members	Date of (re-) appointment
Mr. Francesco G.M. Moccagatta (Independent Non-Executive Director / Chairman)	31-Jan-22
Mr. Paolo Brichetti (Non-Executive Director SH)	31-Jan-22
Mr. Diwakar Ram Boddupalli (Executive Director & CEO)	31-Jan-22
Mrs. Stefania Petruccioli (Independent Non-Executive Director)	31-Jan-22
Mrs. Benedetta Corazza (Independent Non-Executive Director)	31-Jan-22
Mr. Federico Carini (Non-Executive Director)	31-Jan-22
Mr. Koen J.M. Slobbe (Non-Executive Director)	31-Jan-22
Mr. Michael P. Atzwanger (Non-Executive Director SH)	31-Jan-22
Mr. Daniel R. Mintz (Non-Executive Director SH)	31-Jan-22

The Company is committed to have a gender diversity by having at least 30% women amongst its Board members. However, since the Company needs to diversify several relevant selection criteria when composing its Board (including, but not limited to, gender diversity, executive experience, experience in the financial services sector and general industry), the current composition of the Board - two female and seven male Board members – has fallen just short of the gender diversity objective in FY21/22. The Board is committed in undertaking steps towards achieving its diversity goal.

Compensation of Directors

All members of the board of the Company are remunerated based on the compensation policy as adopted by the General Meeting of Shareholders held on 10 October 2017. The compensation is based on a fixed base fee for the board membership and is supplemented for chairs of the committees and the position of Presiding Director. The actual amounts are disclosed in note 31. There are no loans outstanding, paired or waived and no advance payments and guarantees granted to any of the (former) members of the Board in FY21/22.

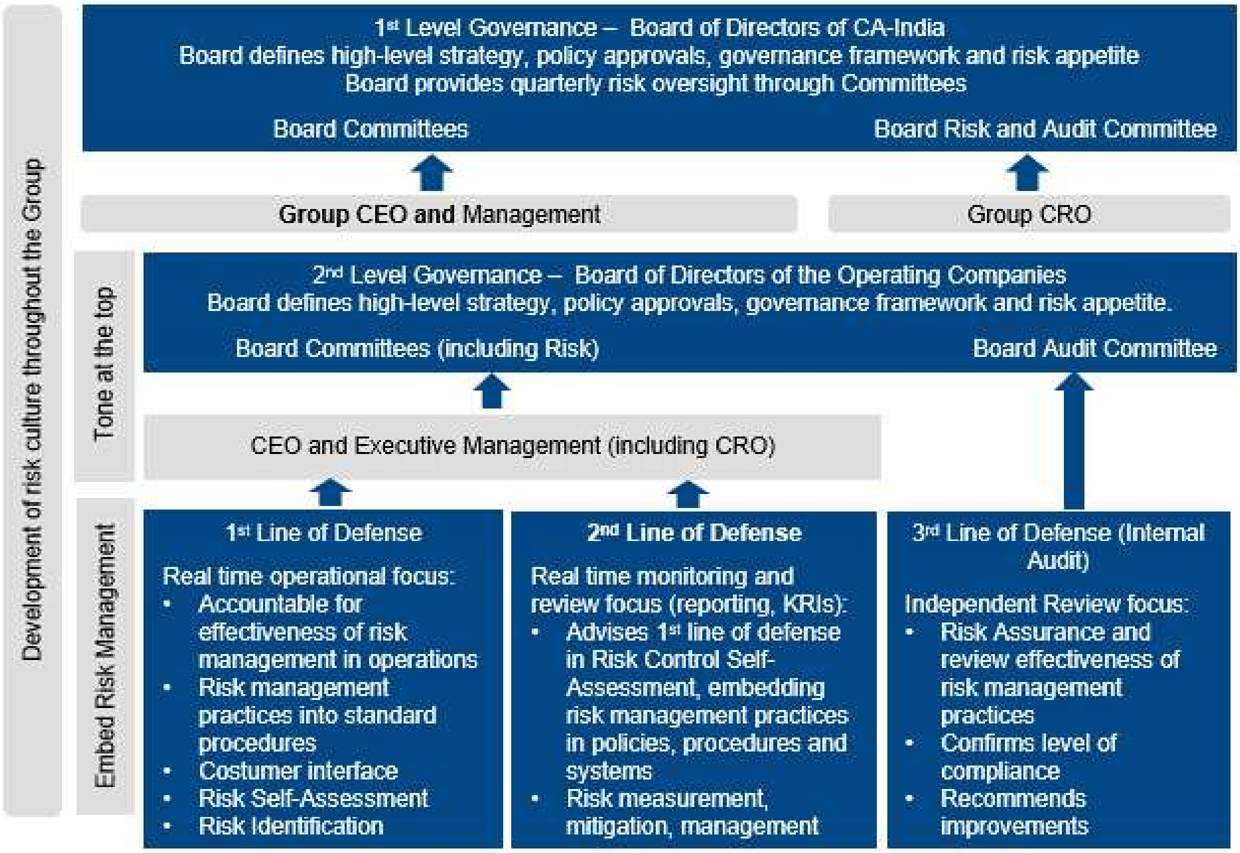
Legal structure as at 31 March 2022



(*) - diluted shareholding

Risk management framework

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



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

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

Corporate social responsibility

At CA Grameen, the CSR initiatives are closely aligned with the Company's strategic planning and core business operations to safeguard the interest of the local communities and maximize all-round value creation over longer term. Given that FY22 was also impacted by the pandemic, concerted efforts were taken to provide Covid related support to the communities. In addition, local development activities were also conducted during the year.

Covid-19 Support Initiatives

The support initiatives primarily included helping the local administration and communities to prevent the spread of Covid-19 and deal with pandemic inflicted challenges. This involved working closely with local government authorities at state and district level, healthcare centres, district health officers, municipal commissioners, and medical officers. We provided support to frontline warriors, conducting Covid awareness activities, supporting vaccination drives and providing groceries/ essentials to Covid infected families.

Community Development & Support Initiatives

The Company engaged with rural child-care centres under its Anganawadi Improvement Program, providing necessary aid and materials for their effective functioning. Further, the Company's Rural Development Program provided necessary materials and aid to rural public institutions for better work environment and service effectiveness.

The Company initiated Livelihood and Skill Development Program for physically and mentally challenged children by engaging with the Swastha School for Special Education and Rehabilitation, an initiative of The Coorg Foundation. Under this initiative, the Company shall be sponsoring the cost of residential education, vocational skill training and treatment of students with physical or psychological challenges.

Disaster Relief Activities were undertaken to support individuals and families affected by natural calamities like flood, cyclone, fire incidents etc. to cope with the distress situation.

The Company also launched certain pilot activities during the year. The Mobile Health Check-up Vehicles initiative was launched in collaboration with the Dr. M. D. Sachidananda Murthy Memorial Educational Trust, Mysore to create village level health check-up camps in the Mysore, Chamarajnagar and Kodagu districts. This initiative is aimed towards making medical tests locally accessible to the underprivileged at an affordable price. The Company has partnered with Samartha Foundation, Tumkur to impart skilling or upskilling on basic tailoring to be self-employed and employment ready women. The Company has partnered with eVidyaloka Trust to provide a Self-learning Centre for Rural Children. This initiative aims towards creating a safe environment with unrestricted, fun-filled e-learning experience for underserved and underprivileged children from rural areas.

Impact of RBI's New Microfinance Guidelines

Key Directives	Advantages for CA Grameen
Annual household income limit raised to INR 0.3 mln. (earlier INR 0.125 mln. in rural, INR 0.2 mln in urban)	- Predominant rural focus and customer centric business model to provide significant head start for market share expansion and increased retention of higher vintage customers - Holistic view of customer's household income is in line with Company's vision to provide multiple products supporting lifecycle needs as well as growing aspirations on business growth and asset ownership front
Maximum FOIR (Fixed Obligation to Income Ratio) of 50% considering all outstanding loans of the household	- Ahead of the industry in accessing comprehensive bureau data since 2021 - Already providing the option of 3-year tenure for higher ticket loans (>INR 60,000), leading to lower instalments
Removal of Pricing Cap	- Ability to determine the pricing based on customer's risk profile, whilst still being competitive vs. peers
Qualifying assets limit revised from 85% of net assets to 75% of the total assets	- Supports Company's vision to serve entire household's financing needs - Supports Company's strategy to build secured assets complementary to end customer base and ability to diversify and strengthen balance sheet

Authorisation of the consolidated financial statements

The financial statements were approved for issue by the Board of Directors on 1 July 2022.

Board of Directors:

Non-executive Board:

F.G.M. (Francesco) Moccagatta

K.J.M. (Koen) Slobbe

B. (Benedetta) Corazza

D.R. (Daniel) Mintz

F. (Federico) Carini

S. (Stefania) Petruccioli

M. (Michael) Atzwanger

P. (Paolo) Brichetti

Executive Board:

B. R. (Boddupalli Ram) Diwakar

Consolidated Financial Statements
CreditAccess India N.V.

Consolidated Financial Statements

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

Statement of profit or loss	Note	2021/2022 EUR	2020/2021 EUR
Interest and similar income	6	296,669,841	266,205,007
Interest and similar expenses	7	- 115,236,249	- 110,099,575
Net interest income		**181,433,592**	**156,105,432**
Other income	8	12,548,935	18,508,101
Total income		**193,982,527**	**174,613,533**
Credit loss expenses	9	- 60,355,073	- 87,325,662
Gross result		**133,627,454**	**87,287,871**
Personnel expenses	10	- 52,455,200	- 45,846,609
Depreciation and amortization	11	- 5,513,640	- 5,196,763
Other operating expenses	11	- 28,410,511	- 20,694,075
Total operating expenses		**- 86,379,351**	**- 71,737,447**
Operating result before value adjustments		**47,248,103**	**15,550,424**
Results from foreign currency denominated transactions		- 77,521	153,224
Share in result of associates	41	- 8,303	- 9,052
Result before taxation		**47,162,279**	**15,694,596**
Taxation on result	12	- 14,284,974	- 5,656,540
Net result for the period		**32,877,305**	**10,038,056**
Net result for the year attributable to:			
Owners of the parent		22,970,173	7,589,271
Non-controlling interest		9,907,132	2,448,785
		32,877,305	**10,038,056**

Statement of other comprehensive income /(loss)	Note	2021/2022 EUR	2020/2021 EUR
Items that will or may be reclassified to profit or loss:			
Foreign exchange gains/(losses) arising on translation of foreign operations	27	- 315,125	- 6,593,815
Cash-flow hedge reserve - Effective portion of changes in fair-value	27	- 332,744	141,126
Net change in cost of hedging	27	419,197	- 452,464
Other comprehensive income/(loss) for the year, net of tax		**- 228,672**	**- 6,905,153**
Total comprehensive income/(loss) for the year		**32,648,633**	**3,132,903**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		22,741,501	684,118
Non-controlling interest		9,907,132	2,448,785
		32,648,633	**3,132,903**

Consolidated statement of financial position

(before appropriation of result)	Note	31 March 2022 EUR	31 March 2021 EUR
Assets			
Cash and cash equivalents	33	213,928,227	329,114,312
Derivative financial instruments	18	-	-
Loans and receivables to CreditAccess SEA Group	42	83,003	4,836,675
Deferred tax assets	24	15,746,694	12,130,303
Loans to customers – Gross		*1,818,431,322*	*1,438,374,544*
Impairment allowance		*- 63,453,308*	*- 72,557,979*
Loans to customers - Net	17	1,754,978,014	1,365,816,565
Financial assets at fair value through profit or loss		63,732	62,485
Investments in associates	41	11,742	19,890
Tangible fixed assets	14	12,875,256	10,727,987
Intangible fixed assets	13	63,802,854	64,237,645
Other assets	19	40,855,428	36,218,620
Total assets		**2,102,344,950**	**1,823,164,482**
Liabilities			
Finance debt	22	1,554,315,532	1,317,167,733
Deferred tax liabilities	24	-	-
Derivative financial instruments	18	196,830	161,520
Post-employment benefit obligations	29	1,011,226	881,239
Other liabilities	21	37,197,970	29,575,996
Total liabilities		**1,592,721,558**	**1,347,786,488**
Assets minus liabilities		**509,623,392**	**475,377,994**
Capital and reserves attributable to owners of the Company			
Share capital	25	45,840,568	45,840,568
Share premium	26	114,729,160	114,729,160
Treasury shares	26	- 320,433	- 320,433
Revaluation reserve	26	- 8,161,917	- 712,731
Translation reserve	26	- 39,104,939	- 46,238,997
Merger reserve	26	798,915	798,915
Cash flow hedge reserve	26	-	332,740
Cost of hedging reserve	26	-	- 419,196
Other reserves	26	145,660,279	145,371,573
Retained earnings	26	114,861,115	91,890,942
Controlling interest		**374,302,748**	**351,272,541**
Non-controlling interest	16	**135,320,644**	**124,105,453**
Total equity		**509,623,392**	**475,377,994**
Total equity and liabilities		**2,102,344,950**	**1,823,164,482**

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

Consolidated statement of cash flows

	Note	2021/2022 EUR	2020/2021 EUR
Cash flows from operating activities			
Interest received from loans to customers (incl. loans to CreditAccess SEA Group)		311,278,965	267,702,639
Cash paid for interest on borrowings		- 114,391,438	- 104,813,178
Payments to suppliers and employees		- 91,573,982	- 69,785,679
Income tax paid		- 13,895,129	- 13,303,304
Principal disbursed to customers (incl. loans to CreditAccess SEA Group)		- 1,785,814,740	- 1,270,892,727
Principal repaid by customers (incl. loans to CreditAccess SEA Group)		1,377,194,724	1,140,326,501
Net cash flow from operating activities		**-317,201,600**	**-50,765,748**
Cash flow from investing activities			
Purchases of tangibles and intangibles		- 3,439,985	- 4,572,452
Proceeds from sale of tangibles and intangibles		15,073	53,036
Net proceeds from transfers of financial assets		5,053,020	7,074,713
Net proceeds / (placements) or margin money deposits and other liquid investments		-6,846,026	4,539,156
Net payments for acquisition of shares in subsidiaries *(Madura through CA Grameen)*		- 65,091	- 172,125
Net cash flow from investing activities		**-5,283,009**	**6,922,328**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares		-	-
Net proceeds from issue of shares by subsidiaries to non-controlling interest holders		349,937	91,106,901
Proceeds from borrowings		1,000,259,854	830,600,039
Repayments of borrowings		- 796,182,007	- 671,774,537
Net cash flow from financing activities		**204,427,784**	**249,932,403**
Net increase/(decrease) in cash and cash equivalents		**-118,056,825**	**206,088,983**
Cash and cash equivalents at the start of the period		**329,114,312**	**123,824,257**
Net foreign exchange (losses)/gains on cash and cash equivalents		2,870,740	- 798,928
Cash and cash equivalents at end of the period	33	**213,928,227**	**329,114,312**

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)
1 April 2021	**45,840,568**	**114,729,160**	**- 320,433**	**- 712,731**	**- 46,238,997**	**798,915**	**332,740**	**- 419,196**	**145,371,573**	**91,890,942**	**351,272,541**	**124,105,453**	**475,377,994**
Capital increases/decreases (note 25)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result for the year	-	-	-	-	-	-	-	-	-	22,970,173	22,970,173	9,907,132	32,877,305
Other comprehensive Income/(loss) for the year (note 27)	-	-	-	- 7,449,186	7,134,058	-	- 332,740	419,196	-	-	- 228,672	-	- 228,672
Total comprehensive income for the year	**-**	**-**	**-**	**- 7,449,186**	**7,134,058**	**-**	**- 332,740**	**419,196**	**-**	**22,970,173**	**22,741,501**	**9,907,132**	**32,648,633**
Share-based payments (note 30)	-	-	-	-	-	-	-	-	288,706	-	288,706	-	288,706
Total other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**288,706**	**-**	**288,706**	**-**	**288,706**
Other movements in NCI (note 16)											-	1,308,059	1,308,059
31 March 2022	**45,840,568**	**114,729,160**	**- 320,433**	**- 8,161,917**	**- 39,104,939**	**798,915**	**-**	**-**	**145,660,279**	**114,861,115**	**374,302,748**	**135,320,644**	**509,623,392**

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)
1 April 2020	**45,840,568**	**114,729,160**	**- 320,433**	**- 3,392,173**	**- 36,965,740**	**798,915**	**191,614**	**33,268**	**96,699,538**	**84,301,671**	**301,916,389**	**79,288,958**	**381,205,347**
Impact from demerger													
Capital increases/decreases (note 25)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result for the year	-	-	-	-	-	-	-	-	-	7,589,271	7,589,271	2,448,785	10,038,056
Other comprehensive Income/(loss) for the year (note 27)	-	-	-	2,679,442	- 9,273,257	-	141,126	- 452,464	-	-	- 6,905,153	-	- 6,905,153
Total comprehensive income for the year	**-**	**-**	**-**	**2,679,442**	**- 9,273,257**	**-**	**141,126**	**- 452,464**	**-**	**7,589,271**	**684,118**	**2,448,785**	**3,132,903**
Share-based payments (note 30)	-	-	-	-	-	-	-	-	430,602	-	430,602	-	430,602
Increase due to QIP (qualified institutional placement) of CA Grameen	-	-	-	-	-	-	-	-	48,197,923	-	48,197,923	-	48,197,923
Late refund from sale of shares in CA Grameen on IPO	-	-	-	-	-	-	-	-	43,510	-	43,510	-	43,510
Total other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,672,035**	**-**	**48,672,035**	**-**	**48,672,035**
Other movements in NCI (note 16)	-	-	-	-	-	-	-	-	-	-	-	42,367,710	42,367,710
31 March 2021	**45,840,568**	**114,729,160**	**- 320,433**	**- 712,731**	**- 46,238,997**	**798,915**	**332,740**	**- 419,196**	**145,371,573**	**91,890,942**	**351,272,541**	**124,105,453**	**475,377,994**

Notes forming part of the consolidated financial statements

1. General

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

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

This Annual Report covers the financial year 2021/2022, running from 1 April 2021 to 31 March 2022.

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

a) New standards, interpretations and amendments effective from 1 Jan 2022

New standards, interpretations and amendments are either not applicable to the Group or the impact is not material for the Group for the financial year ended 31 March 2022.

The new and revised pronouncements issued before 31 March 2022 and effective for financial year 2021/2022 are:

- *Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16*
- *Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

b) New standards, interpretations and amendments not yet effective

As of 31 March 2022, 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 application period after the effective date. Regarding new standards, interpretations and amendments which are not adopted, listed below, the Group expects those not to have any material impact on the consolidated financial statements of CreditAccess India N.V..

- *Reference to the Conceptual Framework – Amendments to IFRS 3 (ED 1Jan2022 - First Application FY2023)*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (ED 1Jan2022 - First Application FY2023)*
- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (ED 1Jan2022)*
- *AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (ED 1Jan2022 - First Application FY2023)*
- *AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (ED 1Jan2022 - First Application FY2023)*
- *AIP IAS 41 Agriculture – Taxation in fair value measurements (ED 1Jan2022 - First Application FY2023)*
- *IFRS 17 Insurance Contracts (ED 1Jan2023 - First Application FY2024)*
- *Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (ED 1Jan2023 - First Application FY2024)*
- *Definition of Accounting Estimates - Amendments to IAS 8 (ED 1Jan2023 - First Application FY2024)*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (ED 1Jan2023 - First Application FY2024)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (ED 1Jan2023 - First Application FY2024)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (ED postponed)*

3. Summary of significant accounting policies

3.1. Basis of preparation

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

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

These consolidated financial statements have been prepared on a going concern basis. Please refer to note 4.1.

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

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

Foreign exchange rate against EUR applicable to the Group is:

	31-Mar-22	31-Mar-21	Average 1-Apr-21/ 31-Mar-22	Average 1-Apr-20/ 31-Mar-21
INR (India)	84.134	85.813	86.587	86.611

Source: Dutch Central Bank

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

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

Basis of measurement

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

Fair value measurement

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

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

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

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

The Group reports the following items at fair value:

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

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

3.2. Basis of consolidation

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

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

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

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

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

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

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

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

The Group also holds investment in CreditAccess Life Insurance (CALI) in India, however it does not have the control of the entity. 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 the non-consolidated entities in which the Group has minority interest:

			Shareholding as at	
Consolidated entities:	**Abbreviation**	**Place, country**	**31-Mar-22**	**31-Mar-21**
CreditAccess India N.V. (formerly known as CreditAccess Asia N.V.)	CAI or CreditAccess or Company	Amsterdam, NL	100.00%	100.00%
CreditAccess Grameen Ltd.	CA Grameen or CA-GR	Bangalore, India	73.85%	73.99%
Madura Microfinance Limited	Madura or MMFL	Chennai, India	76.31% (by CA-GR)	76.25% (by CA-GR)
Madura Micro Education Private Ltd	MMEPL	Chennai, India	100.00% (by MMFL)	100.00% (by MMFL)
CA-SEC B.V.	CA-SEC	Amsterdam, NL	100.00%	100.00%
Non-consolidated entity:				
CreditAccess Life Insurance Ltd.	CA-LI	Bangalore, India	49.00%	49.00%

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

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

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

There is no change in accounting policies in the current financial year.

New and amended standards and interpretations

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

3.4. Significant accounting policies

3.4.1. Recognition of interest income/expenses

The effective interest rate method

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

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

Interest and similar income/expenses

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

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

Other income

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

3.4.2. Recognition of expenses

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

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

3.4.3. Results from foreign currency denominated transactions

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

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

Exchange differences 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.

3.4.4. Results from financial instruments

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

3.4.5. Current Taxation

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

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

3.4.6. Financial Assets

Recognition of financial assets

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

Initial measurement of financial assets

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

Subsequent measurement of financial assets

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

Debt instruments

At amortized cost

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

- Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

At Fair Value Through Other Comprehensive Income (FVTOCI)

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

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

At Fair Value Through Profit or Loss (FVTPL)

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

‘Fair value through profit or loss’ option

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

Equity instruments

At fair value

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

'Other comprehensive income' option

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

Group's Financial Assets

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

3.4.6.1. Loans to customers

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

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

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

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

Due to securitization and assignment deals, 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.

3.4.6.2. Impairment of loans to customers

The Group applies IFRS 9 from 1 April 2018.

Impairment methodology

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

ECL measurement

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

ECL = PD% x LGD% x EAD + Overlay

Inputs into measurement of ECL:

Probability of Default (PD);

Loss Given Default (LGD);

Exposure At Default (EAD);

and

Forward looking information (Overlay)

Impairment stages

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

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

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

Stage 3: includes default loans. A loan is considered default at the earlier of (i) the Group considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group 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.

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

For Joint Liability Group (JLG) Loans , 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 (Default).

For Self Help Group (SHG) loans and Individual Loans, 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 (Default).

Probability of Default

(i) Joint Liability Loans (JLG)

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

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

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

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

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

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

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

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

(ii) Individual Loans

Individual loans is a relatively new portfolio that was started in November 2016. Long-term performance history of matured vintage loans is not available for Individual loans in adequate number to build the PD model. The PD estimation for Individual loans portfolio is, therefore, carried out using an ad-hoc methodology based on management judgement.

Significant Increase in Credit Risk

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

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

Loss Given Default:

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

LGD is computed as below:

The Group determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovered amount.

In estimating LGD, the Group reviews macro-economic developments taking place in the economy.
A selected group of Stage 2 and Stage 3 loans of the Group exhibiting specific payment pattern has been applied an LGD which is lower than the historical LGD estimate.

Grouping financial assets measured on a collective basis:

The Group maintains that its loan portfolio has two distinct groups of loans as they do not share credit risk characteristics between them namely; the Group Loans (GL) and the Individual Loans (IL). Internally each of these groups are homogenous. These are, therefore, treated as two separate groups for the purpose of determining impairment allowance. Both JLG and SHG mentioned above are part of Group Loans.

Exposure At Default:

For the Group, 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.

Forward looking information

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

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

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

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

Expecting no further effects of COVID pandemic on the portfolio of the Group over and above the ECL estimates, no specific overlay for COVID has been considered by the Group as at 31 March 2022.

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 of profit or loss.

Loans to CreditAccess SEA Group

Senior loans given by CreditAccess India NV to its former subsidiaries had been retained, after Demerger, in CAI group while subordinated loans were transferred to CreditAccess SEA BV. The senior loans amount to EUR 0.0 mln as at 31 March 2021 (31 Mar 2020: EUR 4.8 mln). The foreign currency open positions arising due to these loans were hedged. These loans have been fully repaid and related hedges settled during the year.

3.4.6.3. Cash and cash equivalents

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

3.4.7. Transfers of financial assets

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

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

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

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

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

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

Following are the loans to customers transferred through securitization:

	2021/2022 EUR	2020/2021 EUR
No. of SPVs sponsored by CA-GR for securitization transactions.	-	2
Number of loans	-	2,181
Coupon rate range	-	9.10%-10.0%
Cash collateral	-	405,842
Outstanding amount of securitized loans to customers as at end of the year	-	1,852,162
Number of Loans in securitization deals in default as at end of year	-	282
Amount of Loans in securitization deals in default as at end of year	-	295,570

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

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

	2021/2022 EUR	2020/2021 EUR
Number of assignment deals	5	5
Number of derecognized loans	374,239	469,393
Aggregate consideration received	129,384,444	153,486,191
Outstanding amount of assigned loans to customers as at end of the year (off balance sheet)	141,726,696	149,407,946
Income recognized in statement of profit or loss	8,083,121	14,708,785
Coupon rate range	8.5% - 9.8%	8.5%-9.65%
Minimum Retention Requirement	18,751,732	19,042,954
Number of loans in assignment deals in default as at end of year	20,383	51,761
Amount of Loans in assignment deals in default as at end of year	2,210,178	4,558,297

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

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

3.4.8. Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

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 18 March 2020 CA Grameen has acquired 75.64% stake in MMFL for EUR 79.3 million. On 31 March 2020 CA Grameen acquired additional 0.44% stake for EUR 0.46 million at the same per share price of EUR 14.57. Both transactions were paid in cash by CA Grameen to the selling shareholders of MMFL. CA Grameen further acquired 0.17% stake in financial year 2021 and 0.06% stake in financial year 2022 leading to 76.31% stake as at 31 March 2022.

For Goodwill please refer to note 15.

3.4.9. Other assets

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

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

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

3.4.10. Externally acquired intangible assets

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

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

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group has determined its estimate of useful economic life of intangible assets (including softwares) as five years (MMFL: three years). Customer relationship in MMFL is amortised over ten years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

3.4.11. Goodwill

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

3.4.12. Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

3.4.14. Financial liabilities

Recognition of financial liabilities

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

Initial measurement of financial liabilities

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

Subsequent measurement of financial liabilities

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

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

Group's Financial Liabilities

The Group's financial liabilities include finance debt.

3.4.14.1. Finance debt

Finance debt is initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument.

Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method.

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

3.4.15. Defined contribution schemes

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

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

3.4.16. Defined benefit schemes

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

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

Other employee benefits

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

3.4.17. Share based payments

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

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

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

3.4.18. Deferred tax assets and liabilities

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

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable income will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

3.4.19. Other liabilities

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

3.4.20. Hedge accounting

The Group enters into forward contracts and swap contracts to hedge its exposure to foreign exchange and interest rates. The Group does not hold derivative financial instruments for speculative purposes. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

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.

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.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss.

Here, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'.

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item.

The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.4.21. Capital Disclosures

Share capital

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

Treasury shares

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

3.4.22. Cash flow statement

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

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

3.4.23. Current versus non-current

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

3.4.24. Offsetting of financial instruments

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

3.4.25. Provisions

Provisions are recognized when:

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

3.4.26. Financial instruments measured at fair value

The following table gives an overview of the financial instruments valued at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (ref. note 3.1). It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

Fair Value	**2021/2022 EUR**	**2020/2021 EUR**
Financial assets	**Level 3**	
Loans to customers at FVTOCI	1,335,618,280	1,037,783,638
	1,335,618,280	**1,037,220,301**
Financial liabilities	**Level 2**	
Derivative financial instruments	196,830	161,520
	196,830	**161,520**

Fair values of Loans to customers designated under FVOCI have been measured under level 3 at fair value based on a discounted cash flow model of the contractual cash flows of solely payment of principal and interest.

Derivative financial instruments refer to contracts that are traded on the Over The Counter market. The fair value of derivative instruments is determined using observable inputs (Level 2 of the Fair Value Hierarchy).

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

4. Critical accounting judgements and estimation uncertainty

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

Although these estimates are based on management’s best knowledge of current events and actions, there is an inherent risk that actual results could differ from such estimates. Several estimates made by the Group, including but not limited to the estimate of impairment of loans to customers, are highly dependent on uncertain future developments.

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

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

4.1. Critical judgements in applying accounting policies

Going concern

After COVID-19, the business of CA Grameen recovered quickly. The gross loan portfolio, in local currency, grew by 22.2% (YoY), the asset quality improved and the number of branches increased by 15% in FY21/22.

Our strong balance sheet, adequate liquidity and capital position, stable credit rating, strong relationship with our lenders, low cost/income ratio, and the removal of pricing cap by RBI on 1 April 2022 should enable us to receive continued funding access over the coming period. Furthermore, our demonstrated capability of managing asset quality stress, witnessed multiple times in the past, backed by our resilient business model coupled with highly experienced stable management team, should give comfort and confidence to our lenders, investors and various stakeholders. Based on the foregoing and necessary stress tests considering various scenarios, the consolidated financial statements have been prepared on a going concern basis.

Hedge Accounting

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

Business model assessment

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

4.2. Assumptions and estimation uncertainties

Fair value of financial instruments

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

Impairment of intangible fixed assets

Please refer to note 15

Impairment of loans to customers

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

Contingent liabilities and assets

Please refer to note 28.

Share based payments

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

Recognition of deferred income tax assets

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

Measurement of defined benefit obligations

Key actuarial assumptions (please refer to note 29).

Provisions

Please refer to note 3.4.25

Provision for tax expenses

Please refer to note 12.

5. Risk management

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

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

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

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

Agency	Rating	Outlook
Moody's	Baa3	Stable
Fitch	BBB-	Stable
DBRS	BBB (low)	Stable

Source: Trading Economics

Risk governance

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

The Group has two levels for risk governance:

1st level of Governance - Group

Group Board of Directors
Group Business Committee
Group Risk & Audit Committee

2nd level of Governance - Subsidiary

Subsidiary Board of Directors
Subsidiary Business Committee
Subsidiary Risk & Audit Committee

At Group level – 1st level of governance

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

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

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

- The Group CRO submits to this R&A Committee a quarterly Risk Oversight Report (including credit risk management) which typically covers:

  ▪ The status and evolution of the Risk Management and Internal Control Framework.

  ▪ The KRIs dashboard and status of mitigation measures adopted for the most relevant and strategic risks.

  ▪ Information about any critical issues and risks and the effective risk management and mitigation and the plan to improve the internal controls.

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

Risk profile and appetite

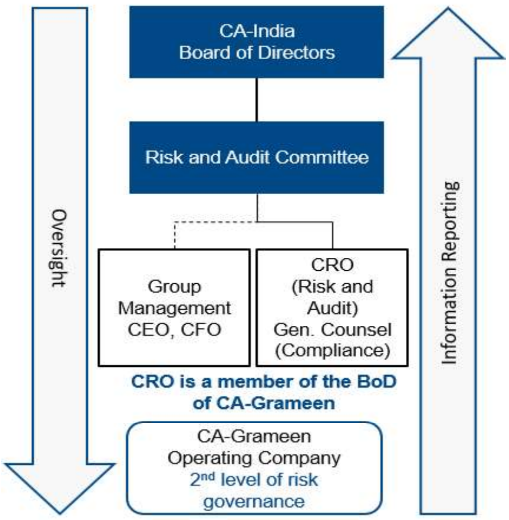
The risk appetite articulates the type and quantum of risk that the Group is willing to accept in pursuit of its strategy. The Group has to accept the risks that are required or necessary to conduct its core business of providing loans to customers. It is therefore needed to have a risk appetite that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

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

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

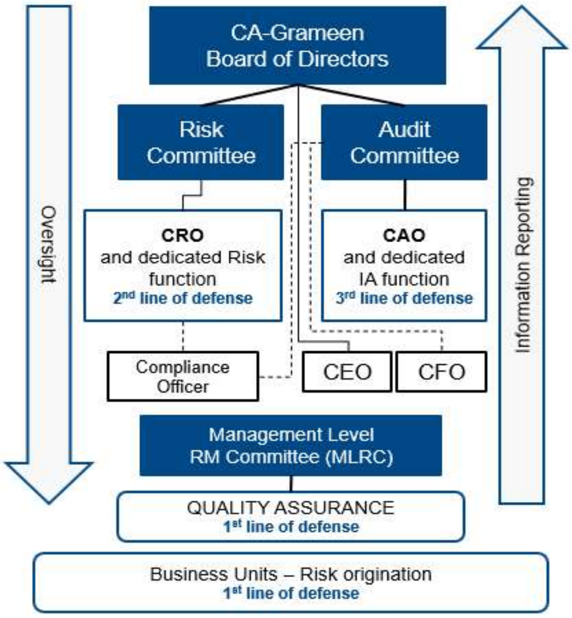
The stated mission and fundamental risk appetite will guide the Group in developing its strategy, in considering decisions about new products or new markets and in setting appropriate exposure limits in each of the risk areas.

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



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

At Subsidiary level – 2nd level of governance



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

THIRD LINE DEFENSE – Internal Audit Function

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

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

SECOND LINE DEFENSE – Risk Management Function

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

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

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

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

FIRST LINE DEFENSE

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

At subsidiary level - Risk mitigation and risk culture

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

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

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

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

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

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

At subsidiary level - Risk measurement and reporting systems

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

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

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

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

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

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

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

At subsidiary level - Risk management strategies

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

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

Political Risk mitigation measures:

- Low cost operations and low pricing for customers.
- Customer centric approach, high customer retention.
- Rural focus.
- Systematic customer awareness activities.
- High social focused activities.

- Adherence to client protection guidelines.
- Robust grievance redressal mechanism.
- Adherence to regulatory guidelines in letter and spirit.

Concentration risk mitigation measures:

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

Operational & HR Risk mitigation measures:

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

Liquidity risk mitigation measures:

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

Expansion risk mitigation measures:

- Contiguous growth.
- District centric approach.
- Rural focus.
- Branch selection based on census data & credit bureau data.
- 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 in the current financial period. 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 2022 the CRAR of CA Grameen standalone is reported well above the statutory requirements at 26.54% (31 March 2021; 31.75%) while the CRAR of MMFL standalone is reported well above the statutory requirements at 19.99% (31 March 2021; 20.89%)

When reviewing and approving the business plan of the subsidiary the Group sets the target capitalization at the level of the subsidiary. The capitalization is measured as the ratio between the total assets of the subsidiary minus its cash, cash equivalents and liquid investments versus its equity. Another parameter that is used to measure and monitor the leverage of subsidiaries is the ratio Finance Debt over Equity (D:E). During FY21/22 the Group has maintained a moderate leverage ratio between 2.08 and 2.63 times (FY20/21: 2.80 and 2.08) and the Group may leverage further and expand the business without needing to fund-raise additional equity capital.

Debt to Equity	**31-Mar-22**	**31-Mar-21**
	EUR	**EUR**
Borrowings	1,554,315,532	1,317,167,733
Less: cash & cash equivalents	-213,928,227	-329,114,312
Net debt	**1,340,387,305**	**988,053,421**
Total equity	509,623,392	475,377,994
Adjustments*	-	86,456
Total adjusted equity	**509,623,392**	**475,464,450**
Debt to adjusted equity ratio	**2.63**	**2.08**

*excluding cash flow hedging reserve and cost of hedge reserve

5.2. Credit risk

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

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

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

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

Some of the main strategies to mitigate credit risk are:

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

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

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

As at reporting date, the impairment allowance is 3.44% (31 March 2021: 5.01%) of the Exposure At Default (EAD). A further 100 basis points increase in the impairment, resulting in 4.44% on EAD, would have a negative impact of EUR 18,462,243 on profit before tax.

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

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

The Group has no outstanding commitments towards its customers.

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

Below table shows maximum on balance sheet credit risk exposure:

On Balance Sheet Credit Risk Exposure	**31-Mar-22**	**31-Mar-21**
	EUR	**EUR**
Loans to customers - Net	1,754,978,014	1,365,816,565
Cash and cash equivalents	213,928,227	329,114,312
Other financial assets	14,190,366	20,307,604
Total	**1,983,096,607**	**1,715,238,481**

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

31-Mar-22					
Stages	**Exposure At Default (EAD)**	**Probability of Default (PD)**	**Loss Given Default (LGD)**	**ECL with overlay**	**ECL Rate**
	EUR	**w-avg.%**	**w-avg.%**	**EUR**	**%age**
Stage 1	1,710,352,960	0.9% to 2.0%	66.9% to 100%	13,549,435	0.79%
Stage 2	35,756,169	33.2% to 71.3%	36.6% to 92.2%	7,677,800	21.47%
Stage 3	100,115,158	100.0%	36.6% to 92.2%	42,226,073	42.18%
Total as at 31 March 2022	**1,846,224,287**			**63,453,308**	**3.44%**

PD % and LGD % are disclosed as ranges because these relate to various products in CAGR and MMFL.

At 31 March 2022, consolidated ECL allowance as percentage to EAD is equal to 3.44% (31 March 2021: 5.01%). Further details on ECL estimation approach and definitions are given in note 3.4.6.2.

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

5.3. Market risk

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

5.3.1. Cash flow interest rate risk

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

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

As at 31 March 2022 a significant portion of Group’s external borrowing bears floating interest rate. During FY21/22, the Group’s borrowings at variable rate were denominated in INR, whilst fixed rate borrowing were denominated in INR and EUR currencies.

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

As at reporting date, if interest rate on interest-bearing assets and liabilities are estimated to be 100 basis points higher/lower, all other variables held constant, pre-tax profit would have an estimated decrease/increase of EUR 5,085,713 (31 March 2021; EUR 3,306,870) 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, and
d) All variable rate borrowing are included.

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

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

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

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

	31-Mar-22 EUR	31-Mar-21 EUR
Fixed rate instruments		
Financial assets	1,818,431,322	1,357,152,001
Financial liabilities	571,109,065	598,479,346
Variable rate instruments		
Financial assets	-	-
Financial liabilities	972,905,742	709,538,593

A 100 basis-point increase/decrease of the variable interest rates borrowings only, would decrease/increase the consolidated pre-tax profit by EUR 9,729,057 (2020/2021: EUR 7,095,386).

For the purpose of this disclosure financial assets include the gross loan portfolio and financial liabilities include the gross finance debt.

5.3.2. Foreign exchange risk

Foreign exchange risk "currency risk" arises when Group entities enter into transactions denominated in a currency other than their functional currency. Currency risk arises as an associated risk from the Group's primary business and the Group does not actively take trading positions. Group's appetite on market risk is low to medium and direct currency risk is largely hedged to remain within conservative boundaries. Overall currency risk for the Group is considered at medium level. The Group is exposed to currency risk on debt financing instruments. 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, the Group is exposed to the risk of volatility in cash flows from movements in foreign currency exchange rates against EUR. The Group hedges the foreign currency exchange rate risks on these loans, denominated in foreign currencies, through the use of swaps and 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. The Group may choose to hedge full or portion of the foreign currency exposure. The Group may also choose to hedge or not, the interest on the loan.

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

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

The Group's net exposure un-hedged to foreign exchange risk is EUR 167,025 (31 March 2021: EUR 302,851) mainly in USD.

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 16,703 (31 March 2021: EUR 30,285) and a 10% weakening in the exchange rates would, on the same basis, decrease pre-tax profit by EUR 16,703 (31 March 2021: EUR 30,285).

5.3.3. Other market price risk.

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

5.4. Liquidity risk

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

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

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

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

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

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

At 31 March 2022	Up to 3 months	Between 3 and 12 months	Sub-total current	Between 1 and 2 years	Between 2 and 5 years	Over five years	Maturity undefined	Sub-total non-current	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Assets									
Intangible fixed assets	-	-	**-**	-	340,992	55,201,326	8,260,536	**63,802,854**	**63,802,854**
Tangible fixed assets	12,865	4,288	**17,153**	10,294	828,520	12,019,289	-	**12,858,103**	**12,875,256**
Financial assets at FVTPL	-	-	**-**	-	-	63,732	-	**63,732**	**63,732**
Loans to customers – Gross	*295,267,293*	*767,938,572*	***1,063,205,865***	*599,090,639*	*141,027,092*	*15,107,726*	-	***755,225,457***	***1,818,431,322***
Impairment allowance	*- 4,326,775*	*- 9,761,860*	***- 14,088,635***	*- 6,276,906*	*- 34,332,742*	*- 8,755,025*	-	***- 49,364,673***	***- 63,453,308***
Loans to customers - net	290,940,518	758,176,712	**1,049,117,230**	592,813,733	106,694,350	6,352,701	-	**705,860,784**	**1,754,978,014**
Loans to CreditAccess SEA Group	83,003	-	**83,003**	-	-	-	-	**-**	**83,003**
Investments in associates	-	-	**-**	-	-	-	11,742	**11,742**	**11,742**
Deferred tax assets	-	-	**-**	-	-	15,746,694	-	**15,746,694**	**15,746,694**
Other assets	19,506,483	13,912,656	**33,419,139**	2,391,364	1,187,371	3,857,554	-	**7,436,289**	**40,855,428**
Cash and cash equivalents	213,928,227	-	**213,928,227**	-	-	-	-	**-**	**213,928,227**
Total assets	**524,471,096**	**772,093,656**	**1,296,564,752**	**595,215,391**	**109,051,233**	**93,241,296**	**8,272,278**	**805,780,198**	**2,102,344,950**
Liabilities									
Interest bearing loans and borrowings	227,440,641	626,858,461	**854,299,102**	649,346,154	39,978,704	390,847	-	**689,715,705**	**1,544,014,807**
Lease liabilities	447,318	1,070,299	**1,517,617**	2,600,016	2,847,831	3,335,261	-	**8,783,108**	**10,300,725**
Post-employment benefit obligations	43,894	633,452	**677,346**	68,340	161,040	104,500	-	**333,880**	**1,011,226**
Deferred tax liabilities	-	-	**-**	-	-	-	-	**-**	**-**
Derivative financial instruments	-	196,830	**196,830**	-	-	-	-	**-**	**196,830**
Other liabilities	29,287,240	5,522,682	**34,809,922**	1,817,929	42,060	528,059	-	**2,388,048**	**37,197,970**
Total liabilities	**257,219,093**	**634,281,724**	**891,500,817**	**653,832,439**	**43,029,635**	**4,358,667**	**-**	**701,220,741**	**1,592,721,558**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**509,623,392**	**509,623,392**	**509,623,392**
Total equity and liabilities	**257,219,093**	**634,281,724**	**891,500,817**	**653,832,439**	**43,029,635**	**4,358,667**	**509,623,392**	**1,210,844,133**	**2,102,344,950**
Gap per bucket	**267,252,003**	**137,811,932**	**405,063,935**	**- 58,617,048**	**66,021,598**	**88,882,629**	**- 501,351,114**	**- 405,063,935**	**-**
Cumulative Gap	267,252,003	405,063,935	405,063,935	346,446,887	412,468,485	501,351,114	-	-	-
Cumulative Gap %age	104%	45%	45%	22%	26%	31%	-	-	-

At 31 March 2021	Up to 3 months	Between 3 and 12 months	Sub-total current	Between1 and 2 years	Between 2 and 5 years	Over five years	Maturity undefined	Sub-total non-current	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Assets									
Intangible fixed assets	-	-	**-**	-	2,132,096	54,006,638	8,098,912	**64,237,646**	**64,237,646**
Tangible fixed assets	-	-	**-**	48,592	10,636,136	43,258	-	**10,727,986**	**10,727,986**
Financial assets at FVTPL	-	-	**-**	-	-	62,485	-	**62,485**	**62,485**
Loans to customers – Gross	*265,042,667*	*651,721,081*	***916,763,748***	*467,229,705*	*54,378,894*	*2,197*	-	***521,610,796***	***1,438,374,544***
Impairment allowance	*- 12,131,610*	*- 29,811,003*	***- 41,942,613***	*- 20,849,080*	*- 9,766,013*	*- 273*	-	***- 30,615,366***	***- 72,557,979***
Loans to customers - net	252,911,057	621,910,078	**874,821,135**	446,380,625	44,612,881	1,924	-	**490,995,430**	**1,365,816,565**
Loans to CreditAccess SEA Group	-	4,617,376	**4,617,376**	-	-	-	-	**-**	**4,617,376**
Derivative financial instruments	-	-	**-**	-	-	-	-	**-**	**-**
Deferred tax assets	-	-	**-**	-	-	12,130,303	-	**12,130,303**	**12,130,303**
Other assets	4,973,445	19,249,057	**24,222,502**	6,937,504	1,322,967	3,954,946	19,890	**12,235,307**	**36,457,809**
Cash and cash equivalents	328,830,561	-	**328,830,561**	283,751	-	-	-	**283,751**	**329,114,312**
Total assets	**586,715,063**	**645,776,511**	**1,232,491,574**	**453,650,472**	**58,704,080**	**70,199,554**	**8,118,802**	**590,672,908**	**1,823,164,482**
Liabilities									
Interest bearing loans and borrowings	172,781,647	575,065,600	**747,847,247**	384,197,584	174,836,603	1,456,224	-	**560,490,411**	**1,308,337,658**
Lease liabilities	314,569	759,266	**1,073,835**	994,149	2,836,336	3,925,755	-	**7,756,240**	**8,830,075**
Post employment benefit obligations	40,527	533,584	**574,111**	58,352	144,524	104,252	-	**307,128**	**881,239**
Deferred tax liabilities	-	-	**-**	-	-	-	-	**-**	**-**
Derivative financial instruments	-	161,520	**161,520**	-	-	-	-	**-**	**161,520**
Other liabilities	21,246,655	7,207,175	**28,453,830**	976,226	91,657	54,283	-	**1,122,166**	**29,575,996**
Total liabilities	**194,383,398**	**583,727,145**	**778,110,543**	**386,226,311**	**177,909,120**	**5,540,514**	**-**	**569,675,945**	**1,347,786,488**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**475,377,994**	**475,377,994**	**475,377,994**
Total equity and liabilities	**194,383,398**	**583,727,145**	**778,110,543**	**386,226,311**	**177,909,120**	**5,540,514**	**475,377,994**	**1,045,053,939**	**1,823,164,482**
Gap per bucket	**392,331,665**	**62,049,366**	**454,381,031**	**67,424,161**	**- 119,205,040**	**64,659,040**	**- 467,259,192**	**- 454,381,031**	-
Cumulative Gap	392,331,665	454,381,031	454,381,031	521,805,192	402,600,152	467,259,192	-	-	-
Cumulative Gap %age	202%	58%	58%	45%	30%	35%	-	-	-

6. Interest and similar income

			2021/2022 EUR			2020/2021 EUR
	India	Netherlands	Total	India	Netherlands	Total
Interest on loans to customers	292,600,303	-	292,600,303	261,446,776	-	261,446,776
Interest on cash and cash-equivalents	3,905,091	-	3,905,091	2,957,534	1,003	2,958,537
Interest on loans to CreditAccess SEA Group	-	164,447	164,447	-	1,799,694	1,799,694
Total	**296,505,394**	**164,447**	**296,669,841**	**264,404,310**	**1,800,697**	**266,205,007**

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

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

7. Interest and similar expenses

	2021/2022 EUR	2020/2021 EUR
Interest on external borrowing	113,556,686	107,543,424
Negative Interest on credit balance with banks	315,888	302,966
Interest on Right of Use Assets	940,059	760,645
Amortization of hedging forward points	76,857	1,077,128
Other fees and expenses	346,759	415,412
Total	**115,236,249**	**110,099,575**

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

Interest expenses are calculated on the effective interest rate basis.

8. Other income

	2021/2022 EUR	2020/2021 EUR
Gain on derecognition of loans to customers	8,083,121	14,708,785
Gain on short term investments	2,094,390	1,752,315
Miscellaneous proceeds	2,371,424	2,047,001
Total	**12,548,935**	**18,508,101**

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

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

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

9. Credit loss expense

	2021/2022 EUR	2020/2021 EUR
Impairment expense on group loans to customers (principal and interest)	66,071,487	81,738,198
Impairment expense on Individual retail finance loans to customers (principal and interest)	2,846,717	7,322,027
Recoveries of written-off loans to customers (principal and interest)	- 8,563,131	- 1,814,987
Other credit loss expenses	-	80,424
Total	**60,355,073**	**87,325,662**

Decrease in credit loss expense in current financial year pertains mainly to improved collection rates after COVID-19. Virus infection abated gradually during the second half and subsequently resulted in improving portfolio quality trend.

As at 31 March 2021, the management provided an overlay, over and above ECL due to the onset of 2nd wave of COVID in India. However, there is no such forward looking information available as at 31 March 2022 and therefore no overlay has been provided for.

10. Personnel expenses

	2021/2022 EUR	2020/2021 EUR
Wages and salaries	46,328,905	40,720,224
Social security costs	125,256	102,040
Share-based payment expenses (see note 30)	918,074	656,842
Pension costs – defined contribution plans	3,794,932	3,239,522
Pension costs – defined benefit plans (see note 29)	854,472	725,905
Other staff costs	433,561	402,076
Total	**52,455,200**	**45,846,609**

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:

	2021/2022 FTE	2020/2021 FTE
Field staff	13,852	12,764
Back office staff	1,655	1,385
Total	**15,507**	**14,149**

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

	2021/2022 FTE	2020/2021 FTE
Netherlands	9	10
India	15,498	14,139
Total	**15,507**	**14,149**

11. Expenses by nature

	2021/2022 EUR	2020/2021 EUR
Depreciation tangible assets (note 14)	1,445,007	1,253,464
Depreciation right of use assets (note 14.a)	1,508,126	1,503,076
Sub total (tangible assets)	2,953,133	2,756,540
Result on disposal of tangibles assets	2,278	1,709
Amortisation intangible assets (note 13)	2,558,229	2,438,514
Depreciation and amortization	**5,513,640**	**5,196,763**
Travel and lodging	8,673,080	5,781,437
Legal fees	3,608,782	1,936,967
Other professional fees	2,836,804	1,769,838
Rental (for the use of tangible assets, exempted from IFRS16)	2,690,161	2,226,072
Repairs and maintenance	2,417,888	1,387,103
Taxes (other than Corporate Income Tax) and licenses	1,142,238	1,031,121
Communication and IT	1,141,567	1,562,294
Staff training and benefits expenses	839,578	236,945
Directors fees	752,894	554,838
Office expenses	746,195	752,362
Bank charges	575,336	686,548
Donations	545,397	1,123,530
Insurances for risks of the Group	497,671	263,301
Utilities	496,999	402,816
Audit and accounting	384,411	419,786
Marketing and advertising	1,120	1,286
Expenses recharged to companies demerged in FY19/20	- 64,611	- 102,601
Other operating expenses	1,125,001	660,432
Other operating expenses	**28,410,511**	**20,694,075**

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

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').

	2021/2022 EUR	2020/2021 EUR
Audit annual accounts	150,000	192,517
Other audit assignments	-	-
Other non-audit services	56,434	32,875
Total	**206,434**	**225,392**

12. Tax expense

	2021/2022 EUR	2020/2021 EUR
(i) Tax expense and share of tax of equity accounted associates and joint ventures		
Current tax expense/(income)		
Current tax on profits for the period	14,064,362	12,289,169
Adjustment for under/(over) provisioning of prior periods	249,683	-
Total current tax	**14,314,045**	**12,289,169**
Deferred tax expense/(income)		
Origination and reversal of temporary differences (note 24)	150,249	- 6,632,629
Recognition of previously unrecognized deferred tax assets	- 179,320	-
Total deferred tax	**- 29,071**	**- 6,632,629**
Total	**14,284,974**	**5,656,540**

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:

	2021/2022 EUR	2020/2021 EUR
Result before taxation	**47,162,279**	**15,694,596**
Tax using the Company’s domestic tax rate of 25% (2020/2021: 25%)	11,790,570	3,923,649
Difference in tax rates foreign jurisdictions	96,568	38,665
DTA not recognized (because of uncertainty of compensation)	2,017,037	1,172,090
Other expenses not deductible/(income not taxable)	380,799	522,136
Total tax expense	**14,284,974**	**5,656,540**

	2021/2022	2020/2021
Effective tax rate	**30.3%**	**36.0%**

The effective tax rate is impacted by the fact that the main subsidiary has profits, while the holding company has losses that are not deferred.

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. Despite the management's belief that the tax return positions are supportable, it also acknowledges that certain positions may be challenged and may not be fully sustained upon review by tax authorities.

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

Unrecognized DTA

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

Total unused tax losses for which no deferred tax assets has been recognized amounts to EUR 33.2 mln (31 March 2021; EUR 25.5 mln). Further details are provided in note 24.

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

	2021/2022			2020/2021		
	Before tax EUR	**Tax EUR**	**After tax EUR**	**Before tax EUR**	**Tax EUR**	**After tax EUR**
Cash flow hedges:						
(i) Gains/(losses) recognized on hedging instruments	86,453	-	86,453	- 311,338	-	- 311,338
(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	- 315,128	-	- 315,128	- 6,593,815	-	- 6,593,815
Share of associates' other comprehensive income	-	-	-	-	-	-
	- 228,675	**-**	**- 228,675**	**- 6,905,153**	**-**	**- 6,905,153**

13. Intangible assets

	Client base and trademark EUR	Goodwill EUR	Software EUR	Intangible assets under development EUR	Total EUR
(i) Cost					
1 April 2020	24,140,219	46,692,658	2,647,629	342,399	73,822,905
Additions;					
externally acquired	-	-	1,141,946	96,031	1,237,978
internally developed	-	-	-	-	-
Disposals	-	-	- 29,184	-	- 29,184
Foreign exchange rate movements	- 819,743	- 1,585,568	- 76,265	- 14,006	- 2,495,582
Reclassifications	-	-	351,821	-351,821	-
31 March 2021	**23,320,476**	**45,107,090**	**4,035,948**	**72,604**	**72,536,117**
Additions;					
externally acquired	-	-	442,495	443,576	886,071
internally developed	-	-	-	-	-
Disposals	-	-	-	-	-
Foreign exchange rate movements	465,389	900,169	98,065	9,702	1,473,325
Reclassifications	-	-	160,502	- 160,502	-
31 March 2022	**23,785,865**	**46,007,259**	**4,737,010**	**365,380**	**74,895,514**
(ii) Accumulated amortisation and impairment					
1 April 2020	4,569,404	-	1,394,193	-	5,963,597
Impact of the Demerger	-	-	-	-	-
Amortisation charge	1,890,201	-	548,313	-	2,438,514
Impairment Losses	-	-	-	-	-
Disposals	-	-	- 29,184	-	- 29,184
Foreign exchange	- 137,588	-	63,134	-	- 74,454
31 March 2021	**6,322,016**	**-**	**1,976,456**	**-**	**8,298,473**
Amortisation charge	1,890,725	-	667,504	-	2,558,229
Impairment losses	-	-	-	-	-
Disposals	-	-	-	-	-
Foreign exchange movements	181,290	-	54,668	-	235,958
31 March 2022	**8,394,031**	**-**	**2,698,628**	**-**	**11,092,660**
(iii) Net book value					
31 March 2021	**16,998,460**	**45,107,090**	**2,059,491**	**72,604**	**64,237,645**
31 March 2022	**15,391,834**	**46,007,259**	**2,038,381**	**365,380**	**63,802,854**

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

Intangible assets under development relates mainly to software enhancements at CA-Grameen.

14. Tangible fixed assets

	Land and buildings	Leasehold improvements	Office Equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
(i) Cost or valuation							
1 April 2020	3,174,044	1,171,017	2,614,854	1,397,354	6,016,344	75,252	14,448,865
Additions	36,947	19,242	135,056	17,706	3,124,699	825	3,334,475
Disposals	- 13,003	- 18,697	- 72,495	- 28,810	- 66,288	-	- 199,293
Foreign exchange movements	- 8,563	- 38,059	- 15,784	182,104	249,007	-2,396	366,309
31 March 2021	**3,189,425**	**1,133,503**	**2,661,631**	**1,568,354**	**9,323,762**	**73,681**	**17,950,356**
Additions	1,004,550	78,314	169,621	390,871	3,220,252	28,540	4,892,148
Disposals	- 327,831	-	- 62,320	- 8,800	- 83,818	-	- 482,769
Foreign exchange movements	77,182	23,294	66,165	40,825	284,734	2,303	494,503
31 March 2022	**3,943,326**	**1,235,111**	**2,835,097**	**1,991,250**	**12,744,930**	**104,524**	**22,854,238**

(ii) Accumulated depreciation and impairment							
1 April 2020	548,052	506,555	684,126	763,150	1,339,111	48,018	3,889,012
Depreciation	581,659	183,944	429,898	83,430	1,469,018	8,591	2,756,540
Disposals	8,669	- 18,697	- 54,075	- 25,108	- 34,555	-	- 123,766
Foreign exchange movements	79,702	- 6,733	32,703	203,337	392,973	- 1,399	700,583
31 March 2021	**1,218,082**	**665,069**	**1,092,652**	**1,024,809**	**3,166,547**	**55,210**	**7,222,369**
Depreciation	598,082	168,099	495,848	257,621	1,427,523	5,960	2,953,133
Disposals	- 288,007	-	- 51,918	- 8,485	- 82,063	-	- 430,473
Foreign exchange movements	31,619	16,881	42,353	29,000	110,381	3,719	233,953
31 March 2022	**1,559,776**	**850,049**	**1,578,935**	**1,302,945**	**4,622,388**	**64,889**	**9,978,982**
(iii) Net book value							
31 March 2021	**1,971,343**	**468,434**	**1,568,979**	**543,545**	**6,157,215**	**18,471**	**10,727,987**
31 March 2022	**2,383,550**	**385,062**	**1,256,162**	**688,305**	**8,122,542**	**39,635**	**12,875,256**

14.a. Leases (IFRS 16)

Movement schedule of carrying amounts

	Buildings	Computer equipment	Total
	EUR	EUR	EUR
Right of use assets			
31 March 2021	1,927,366	5,970,193	7,897,559
Movements during the period			
Additions	353,610	2,200,303	2,553,913
Disposals	- 39,824	-	- 39,824
Depreciation	- 595,464	- 912,662	- 1,508,126
Foreign exchange movements	24,727	156,686	181,413
31 March 2022	**1,670,416**	**7,414,520**	**9,084,935**
Lease liability			
31 March 2021	- 2,198,425	- 6,631,649	- 8,830,074
Movements during the period			
Additions	- 353,610	- 2,199,191	- 2,552,801
Accretion of interest	- 215,672	-724,406	- 940,078
Payments (reducing the lease-liability)	841,514	1,388,423	2,229,938
Foreign exchange movements	- 30,651	- 177,058	- 207,709
31 March 2022	**- 1,956,844**	**- 8,343,880**	**- 10,300,724**
General lease term	1-10 year	1-10 year	
Expenses relating to short-term leases and low value assets			2,690,161

Movement schedule of carrying amounts

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

15. Goodwill and impairment

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

	Goodwill carrying amount 2021/2022 EUR	Goodwill carrying amount 2020/2021 EUR
CreditAccess Grameen Limited		
- Opening balance	8,098,912	8,383,598
- Foreign exchange movements	161,624	- 284,686
- Impairment	-	-
Sub-total	8,260,536	8,098,912
Madura Microfinance Limited		
- Opening balance	37,008,178	38,309,060
- Foreign exchange movements	738,545	- 1,300,882
- Impairment	-	-
Sub-total	37,746,723	37,008,178
Total	**46,007,259**	**45,107,090**

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

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

For MMFL, the acquisition was completed and paid in March 2020. At 31 March 2022, the Group has computed the Fair Value of MMFL based on the Comparable Companies' Multiples (CCM) method, which is furthermore corroborated by the Discounted Cash Flow (DCF) method. Since the carrying value is less than the fair value of MMFL under DCF as well as CCM, there is no impairment of Goodwill as at 31 March 2022.

16. Non-controlling Interests (NCI)

CreditAccess Grameen Limited

As per 31 March 2021 the Company holds 73.85% of CA Grameen or 115,109,028 shares (31 March 2021; 73.99% / 115,109,028 shares).

Furthermore, CA Grameen holds 76.31% of MMFL (31 March 2021; 76.25%). The remaining 23.69% is not controlled by CreditAccess India Group hence it contributes to the overall NCI in the consolidated financial statements.

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

Statement of comprehensive income	2021/2022 EUR	2020/2021 EUR
Interest and similar income	296,503,403	264,404,310
Interest and similar expenses	- 113,806,592	- 107,423,728
Net interest income	**182,696,811**	**156,980,582**
Credit loss expenses	- 60,355,073	- 87,245,238
Total operating expenses	- 79,362,255	- 67,416,846
Net result after taxation	**41,242,844**	**15,170,058**
Attributable to:		
Controlling Interest	41,929,287	12,102,271
Non-controlling Interest	- 686,443	3,067,787
Total comprehensive income		
Attributable to:		
Controlling interest	32,063,473	15,400,716
Non-controlling interest	- 679,544	4,046,521
Statement of cash flows		
Cash flows from operating activities	- 309,182,424	- 52,496,510
Cash flows from investing activities	- 8,052,062	2,739,959
Cash flows from financing activities	227,205,627	247,816,098
Net cash inflows/(outflows)	**- 90,028,859**	**198,059,547**

Financial position	31 March 2022 EUR	31 March 2021 EUR
Assets	2,067,504,813	1,754,889,562
Liabilities	1,583,035,519	1,312,494,263
Equity: Controlling interest	472,773,728	430,179,546
Non-controlling interest (MMFL in CA-GR)	11,695,566	12,215,753
Total equity and liabilities	2,067,504,813	1,754,889,562
Total non-controlling interests	**135,320,644**	**124,105,453**

The total non-controlling interest at year-end consists of the following:	31 March 2022 EUR	31 March 2021 EUR
CreditAccess Grameen Limited (consolidated with Madura)	135,320,644	124,105,453
Total	**135,320,644**	**124,105,453**

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

17. Loans to customers

	31 March 2022 EUR	31 March 2021 EUR
Gross carrying amount		
Group loans	1,795,037,303	1,389,457,582
Individual loans	23,394,019	48,916,962
	1,818,431,322	**1,438,374,544**
Impairment allowance		
Group loans	- 58,435,962	- 66,600,799
Individual loans	- 5,017,346	- 5,957,180
	- 63,453,308	**- 72,557,979**
Loans to customers - Net	**1,754,978,014**	**1,365,816,565**

	31 March 2022 EUR	31 March 2021 EUR
Loans to customers - Gross	1,818,431,322	1,438,374,544
Less: Impairment allowance	- 63,453,308	- 72,557,979
Loans to customers - Net	**1,754,978,014**	**1,365,816,565**

31 March 2022	**CreditAccess Grameen**		**Total**
	FVTOCI **EUR**	**Amortized Cost** **EUR**	**Total** **EUR**
Loans to customers - Gross	1,373,433,200	444,998,122	1,818,431,322
Impairment on loans to customers	- 37,814,920	- 25,638,388	- 63,453,308
Loans to customers - Net	**1,335,618,280**	**419,359,734**	**1,754,978,014**

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

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

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

Amount in EUR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - 1 April 2021	**1,272,302,537**	**67,207,356**	**98,864,651**	**1,438,374,544**
New assets originated/acquired	1,832,694,020	-	-	1,832,694,020
Assets repaid or derecognized (excluding write offs)	-1,287,854,649	- 84,449,787	- 41,899,472	-1,414,203,909
Transfers to Stage 1 from other stages	78,846,865	-64,831,052	-14,015,813	-
Transfers to Stage 2 from other stages	- 179,273,357	189,378,848	- 10,105,491	-
Transfers to Stage 3 from other stages	- 71,669,344	- 71,779,269	143,448,613	-
Accrued interest	1,475,222	30,944	573,751	2,079,916
Amounts written off	-	-	- 79,171,595	- 79,171,595
Foreign exchange adjustments	36,301,074	418,415	1,938,856	38,658,345
Gross carrying amount - 31 March 2022	**1,682,822,369**	**35,975,454**	**99,633,500**	**1,818,431,322**
ECL allowance - 1 April 2021	**17,764,621**	**8,751,480**	**46,041,878**	**72,557,979**
New assets originated	14,125,781	-	-	14,125,781
Assets repaid or derecognized (excluding write offs)	- 14,822,867	- 13,800,524	- 17,975,013	- 46,598,404
Transfers to Stage 1 from other stages	583,168	-482,434	- 100,734	-
Transfers to Stage 2 from other stages	- 35,485,828	37,332,136	- 1,846,308	-
Transfers to Stage 3 from other stages	- 21,338,708	- 28,663,942	50,002,650	-
Impact on ECL of exposures transferred between stages during the year	1,365,994	1,656,551	16,281,724	19,304,270
Accrued interest	51,132,218	2,745,250	- 8,374,974	45,502,494
Amounts written off	-	-	- 42,587,842	- 42,587,842
Foreign exchange adjustments	225,056	139,282	784,692	1,149,030
ECL allowance - 31 March 2022	**13,549,435**	**7,677,800**	**42,226,073**	**63,453,308**
Net carrying amount as at 31 March 2022	**1,669,272,933**	**28,297,654**	**57,407,427**	**1,754,978,014**
Gross carrying amount as at 1 April 2020	**1,347,675,399**	**7,894,024**	**20,963,424**	**1,376,532,847**
Impact of the Demerger				
New assets originated/acquired	1,126,460,063	5,873	- 1,122	1,126,464,814
Assets repaid or derecognized (excluding write offs)	- 910,135,341	- 39,900,034	- 17,758,625	- 967,794,001
Transfers to Stage 1 from other stages	12,041,881	- 10,706,473	- 1,335,408	-
Transfers to Stage 2 from other stages	- 182,535,349	183,033,748	- 498,399	-
Transfers to Stage 3 from other stages	- 75,846,419	- 73,821,645	149,668,064	-
Accrued interest	678,945	420,944	1,048,471	2,148,360
Amounts written off	-	-	- 53,234,245	- 53,234,245
Foreign exchange adjustments	- 46,036,643	280,919	12,492	- 45,743,232
Gross carrying amount - 31 March 2021	**1,272,302,537**	**67,207,356**	**98,864,651**	**1,438,374,544**
ECL allowance as at 1 April 2020	**19,774,841**	**2,465,386**	**15,441,496**	**37,681,723**
Impact of the Demerger				
New assets originated	8,047,378	153	-615	8,046,915
Assets repaid or derecognized (excluding write offs)	- 6,161,031	- 13,076,261	- 12,616,556	- 31,853,848
Transfers to Stage 1 from other stages	3,226,937	- 2,320,456	-906,481	-
Transfers to Stage 2 from other stages	- 4,177,103	4,516,200	- 339,097	-
Transfers to Stage 3 from other stages	- 2,198,717	- 16,352,995	18,551,712	-
Impact on ECL of exposures transferred between stages during the year	-74,479	33,447,619	78,676,731	112,049,871
Accrued interest	10,655	96,872	706,489	814,016
Amounts written off	-	-	- 53,234,245	- 53,234,245
Foreign exchange adjustments	- 683,860	- 25,036	- 237,558	- 946,454
ECL allowance - 31 March 2021	**17,764,621**	**8,751,480**	**46,041,878**	**72,557,979**
Net carrying amount as at 31 March 2021	**1,254,537,915**	**58,455,875**	**52,822,774**	**1,365,816,565**

Total Portfolio (On and Off Balance Sheet)	31 March 2022	31 March 2021
	EUR	EUR
On balance sheet – loans to customers – Net	1,754,978,014	1,365,816,565
Off balance sheet – loans to customers – Net	141,726,696	149,407,946
Total	**1,896,704,710**	**1,515,224,511**

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

18. Derivative financial instruments

	31 March 2022	31 March 2021
	EUR	EUR
Derivative financial liabilities		
Hedging derivative financial instruments	- 196,830	- 161,520
Total	**- 196,830**	**- 161,520**

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

CAI N.V. held derivative financial instruments to hedge its exposure to foreign currency movements owing to loans given to former subsidiaries in their local currency. During the current financial year all such loans have been fully repaid by the counterparties and related hedges have been fully settled.

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

As at 31 March 2022 CA-Grameen has entered into 'Cross currency interest rate swap' (CCIRS) in relation to a loan taken in foreign currency, thereby hedging its exposure to foreign currency exchange rate movements.

	EUR	EUR
USD 15,000,000 / INR 1,117,500,000 notional amount, with a total fair value of	- 196,830	-
Total	**- 196,830**	**- 161,520**

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 consolidated equity is as follows:

	Cash flow hedge reserve		Cost of hedging reserve	
	2021/2022	2020/2021	2021/2022	2020/2021
	EUR	EUR	EUR	EUR
Opening balance	**332,740**	**191,614**	**- 419,196**	**33,268**
Hedging contracts settled during the period	- 332,740	- 191,614	419,196	- 33,268
New hedging contracts entered	-	332,740	-	- 419,196
	- 332,740	141,126	419,196	- 452,464
Closing balance	**-**	**332,740**	**-**	**- 419,196**

19. Other assets

	31 March 2022 EUR	31 March 2021 EUR
Collateral against borrowing	20,601,981	13,678,611
Tax and social security	4,039,381	4,136,946
Staff loans and advances	1,834,784	952,406
Security deposits (cash collateral for rent of offices and branches)	1,540,001	1,367,358
Advances	954,436	661,760
Net interest receivable	892,646	805,510
Prepayments	891,913	716,585
Accounts receivable	166,889	166,889
Collateral for hedging transactions	-	841,674
Others	9,933,397	12,890,881
Total	**40,855,428**	**36,218,620**

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

Others include mainly income on assignment deals which is yet to be received.

Other Assets do not contain any impaired assets.

20. Transfers of financial assets

The following table provides a summary of financial assets (loans to customers) that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

Securitizations	31 March 2022 EUR	31 March 2021 EUR
Carrying amount of transferred assets measured at amortized cost	-	1,852,162
Carrying amount of associated liabilities (Debt securities - measured at amortized cost)	-	1,066,491
Net position	**-**	**785,672**

21. Other liabilities

	31 March 2022 EUR	31 March 2021 EUR
Trade payables	8,203,891	8,242,659
Accrued interest (excluding Finance-debt at EIR)	45,044	85,790
Employee liabilities (see note 23)	7,487,693	5,572,100
Insurances	2,922,582	896,648
Donations	216,519	847,854
Accrued expenses	1,100,108	863,607
Tax and social security	2,348,061	1,502,551
Other liabilities	14,874,072	11,564,787
Total	**37,197,970**	**29,575,996**

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 in relation to assignment transactions originated by CA Grameen.

22. Finance debt

The Finance debt consist of:	31 March 2022 EUR	31 March 2021 EUR
Interest-bearing loans and borrowings		
Principal amounts	1,536,942,574	1,717,831,469
Effective interest adjustments	- 3,304,677	- 542,302,815
Loans and borrowings	1,533,637,897	1,297,056,008
Interest payable	10,376,910	11,281,650
	1,544,014,807	**1,308,337,658**
Lease liabilities	10,300,725	8,830,075
Total	**1,554,315,532**	**1,317,167,733**

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:

Currency	31 March 2022 EUR	31 March 2021 EUR
EUR	8,286,206	33,317,943
INR	1,522,446,218	1,275,019,715
USD	13,282,383	-
Total	**1,544,014,807**	**1,308,337,658**

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 the interest. As at 31 March 2022 the Group has substantially respected almost all the covenants, and in exceptional cases formally communicated to the respective lending institutions well on time and obtained related waivers. No loan repayment has been accelerated by any counterparty during the year.

CA Grameen and MMFL have witnessed a strong level of support from the lenders through covenant waivers and new loans during COVID times, which has contributed to enhanced liquidity position of these companies all through the year.

Pledged assets

The Group 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 the borrower for the repayment of the said loan and/or any other amount payable by the borrower to the lender, and 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 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.

Undrawn borrowings

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

31 March 2022	Floating rate EUR	Fixed rate EUR	Total EUR
Expiry within 1 year	-	14,857,252	14,857,252
Expiry within 1 and 2 years	25,316,757	-	25,316,757
Expiry in more than 2 years	19,017,282	-	19,017,282
Total	**44,334,039**	**14,857,252**	**59,191,290**

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

23. Employee liabilities

Liabilities for employee benefits comprise:	31 March 2022 EUR	31 March 2021 EUR
Accrual for annual leave	2,754,526	2,143,073
Other employee payables (salaries, bonus, etc.)	4,733,167	3,429,027
Total	**7,487,693**	**5,572,100**
Categorised as:		
Current	7,487,693	5,572,100
Non-current	-	-
Total	**7,487,693**	**5,572,100**

These employee liabilities form part of Other liabilities (refer to note 21)

24. Deferred tax

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

	Asset 2021/2022 EUR	Liabilities 2021/2022 EUR	Asset 2020/2021 EUR	Liabilities 2020/2021 EUR
Opening balance	**12,130,303**	**-**	**6,928,824**	**-**
Recognized in profit or loss account				
Tax benefit	-	-	-	-
Amortization of Intangibles	-	-	4,714,855	-
Others	8,270	-	- 325,752	-
Other reconciling items				
Foreign currency translation	337,670	-	-185,194	-
Impact of difference between tax depreciation and depreciation/amortization charged to profit or loss account	114,851	-	85,170	-
Impact of disallowance of leave encashment	138,756	-	40,713	-
Impact of movement of impairment of financial instruments and others	- 234,038	-	2,119,193	-
Tax charge (credit) relating to components of other comprehensive income	3,250,882	-	- 1,247,506	-
Closing Balance	**15,746,694**	**-**	**12,130,303**	**-**

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

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

A deferred tax asset has not been recognized for the following:	31 March 2022 EUR	31 March 2021 EUR
Unused tax losses	33,174,627	25,500,638
	33,174,627	**25,500,638**

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

The unused tax losses expire as follows:

Country	Amount	Expiry
Netherlands	33.2 mln	between 2024 and 2028

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

	Asset	Liability	Net	(charged)/ credited to profit or loss and OCI	(charged)/ credited to equity
	31 March 2022	31 March 2022	31 March 2022	2021/2022	2021/2022
	EUR	EUR	EUR	EUR	EUR
Temporary difference on property and equipment	546,158	-	546,158	114,851	-
Employee retirement benefit liabilities	680,297	-	680,297	138,756	-
Customer acquisition cost at the time of MMFL acquisition	- 3,874,125	-	-3,874,125	475,895	-
Fair value adjustment on Derivative Liability	- 92,980	-	- 92,980	- 90,346	-
Deferred tax liability on Fair valuation	3,607,337	-	3,607,337	3,351,622	-
Impairment of financial instruments	13,823,837	-	13,823,837	- 2,675,783	-
Impact of 35D expenditure and Others (CA Grameen consolidated)	947,195	-	947,195	1,945,958	-
Impact of expenditure charged to income-statement in current year, but allowed for tax purpose on payment basis	108,975	-	108,975	8,270	-
Tax asset/(liabilities)	15,746,694	-	15,746,694	3,269,223	-
Effects of offsetting	-	-	-	-	-
Net tax assets/(liabilities)	**15,746,694**	**-**	**15,746,694**	**3,269,223**	**-**

Comparative information below has been changed to be consistent with the grouping for the current financial year.

	Asset	Liability	Net	(charged)/ credited to profit or loss and OCI	(charged)/ credited to equity
	31 March 2021	31 March 2021	31 March 2021	2020/2021	2020/2021
	EUR	EUR	EUR	EUR	EUR
Temporary difference on property and equipment	419,586	-	419,586	85,170	-
Employee retirement benefit liabilities	526,978	-	526,978	40,713	-
Other temporary and deductible differences	98,497	-	98,497	- 325,752	-
Impact of conversion from Indian GAAP to IFRS	-	-	-	- 1,791,109	-
Customer acquisition cost at the time of MMFL acquisition	- 4,278,512	-	- 4,278,512	4,714,855	-
Deferred tax liability on Fair valuation	154,904	-	154,904	- 1,247,506	-
Impairment of financial instruments	16,253,280	-	16,253,280	8,478,854	-
Impact of 35D expenditure and Others (CA Grameen consolidated)	- 1,044,430	-	- 1,044,430	- 4,574,903	-
Tax asset/(liabilities)	12,130,303	-	12,130,303	5,380,322	-
Effects of offsetting	-	-	-	-	-
Net tax assets/(liabilities)	**12,130,303**	**-**	**12,130,303**	**5,380,322**	**-**

25. Share capital

Authorized capital	31 March 2022 Number	31 March 2022 EUR	31 March 2021 Number	31 March 2021 EUR
Ordinary shares of 1 EUR each	100,000,000	100,000,000	100,000,000	100,000,000
Total	**100,000,000**	**100,000,000**	**100,000,000**	**100,000,000**

Issued and fully paid capital	2021/2022 Number	2021/2022 EUR	2020/2021 Number	2020/2021 EUR
Ordinary shares of 1 EUR each				
All issued shares are fully paid up.				
Opening balance	**45,840,568**	**45,840,568**	**45,840,568**	**45,840,568**
Issue of share capital	-	-	-	-
Closing balance	**45,840,568**	**45,840,568**	**45,840,568**	**45,840,568**

26. Reserves

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

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Treasury shares	Treasury shares represent own Ordinary equity shares at purchase price. The total number of shares held in treasury is 282,103 (31 March 2021: 282,103).
Revaluation reserve	The revaluation reserve relates to the share in OCI of consolidated entities.
Translation reserve	The gains/losses arising on retranslating the net asset value of consolidated entities whereby their functional currency is different from the Group reporting currency (i.e. EUR).
Merger reserve	A merger reserve was recognized as the difference between the carrying amount of assets and liabilities acquired against (i) the value of paid up capital (including share premium) of the outstanding shares of the acquired entity (in case of the reverse merger in 2014 with Microventures Finance Group, SA, Luxembourg) or (ii) the amount of the investment in the acquired entity as carried in the books of CreditAccess (in case of the merger in 2015 with MFA SARL, Luxembourg and Microventures Investments SA SICAR, Luxembourg).
Cash flow hedge reserve	The Company uses derivative instruments, primarily non deliverable forward contracts, to hedge foreign currency exposures arising from loan receivables denominated in currencies other than EUR (see policy note 3.4.20). The spot element of the cash flow hedges for effective hedges is recognised in the cash flow hedge reserve, until the settlement of the derivative.
Cost of hedging reserve	The Company uses derivative instruments, primarily non deliverable forward contracts, to hedge foreign currency exposures arising from loan receivables denominated in currencies other than EUR (See policy note 3.4.20). The forward element of the cash flow hedges for effective hedges is recognised in the cost of hedging reserve, until the settlement of the derivative.
Other reserves	CreditAccess India N.V. launched the public listing of its core operating company CreditAccess Grameen Limited in India in FY18/19. The IPO comprised of a primary issuance and a secondary sale by CreditAccess Asia N.V. (predecessor of CreditAccess India N.V. prior to the demerger). The IPO has resulted in EUR 99 mln in Other Reserves (a value step up of EUR 60 mln due to the share issuance and net proceeds of EUR 39 mln due to the secondary sale). The remaining EUR 47 mln in Other Reserves is primarily driven by the value step up as a result of the Qualified Institutions Placement by CreditAccess Grameen in October 2020.
Retained earnings	It represents the cumulative profits/losses of prior periods and the current period. It also includes re-measurements required on account of changes in accounting policies adopted by the Group.

27. Analysis of amounts recognized in other comprehensive income

	Revaluation Reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation Reserve	Total
	EUR	EUR	EUR	EUR	EUR
Period up to 31 March 2022					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	- 7,449,186	-	-	7,134,058	**- 315,128**
Effective portion of changes in fair value on cash flow hedges	-	- 332,744	-	-	**- 332,744**
Net change in cost of hedging	-	-	419,197	-	**419,197**
Tax relating to items that may be reclassified	-	-	-	-	**-**
	- 7,449,186	**- 332,744**	**419,197**	**7,134,058**	**- 228,675**
Period up to 31 March 2021					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	2,679,442	-	-	- 9,273,257	**- 6,593,815**
Effective portion of changes in fair value on cash flow hedges	-	141,126	-	-	**141,126**
Net change in cost of hedging	-	-	- 452,464	-	**- 452,464**
Tax relating to items that may be reclassified	-	-	-	-	**-**
	2,679,442	**141,126**	**- 452,464**	**-9,273,257**	**- 6,905,153**

28. Commitments and contingent liabilities

Amounts are due as follows:	31 March 2022	31 March 2021
	EUR	EUR
Not later than one year	1,711,000	1,007,000
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	**1,711,000**	**965,000**

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

29. Post-employment benefit obligations

(i) Defined benefit scheme characteristics and funding

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

It provides employees in India with a pension upon retirement.

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

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

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

The scheme is legally separate from the Group.

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

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

Estimates and assumptions

The costs, assets and liabilities of the defined benefit schemes operated 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	
	2021/2022	**2020/2021**
Retirement age	60 years	60 years
Mortality rate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
Disability rate	5% of mortality rate rates	5% of mortality rates
Average age	28.45 years	27.98 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	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
	EUR	EUR	EUR	EUR	EUR	EUR
Opening balance	**2,521,246**	**2,031,137**	**1,640,007**	**1,274,808**	**881,239**	**756,329**
Current service cost	694,082	601,697	-	-	694,082	601,697
Interest cost/(income)	160,390	124,208	-	-	160,390	124,208
Past service cost and settlements	-	-	-	-	-	-
Included in profit or loss	854,472	725,905	-	-	854,472	725,905
Return on plan assets	-	-	125,016	94,216	-125,016	-94,216
Actuarial changes arising from changes in demographical assumptions	-2,768	55,374	-	-	-2,768	55,374
Actuarial changes arising from changes in financial assumptions	- 364,665	- 134,995	-	-	- 364,665	- 134,995
Experience adjustments	284,883	35,244	-930	(24,292)	285,813	59,536
Included in other comprehensive income	-82,550	- 44,377	124,086	69,924	- 206,636	- 114,301
Employer contributions	-	-	485,494	425,577	- 485,494	- 425,577
Benefits paid	- 196,898	- 127,598	- 143,773	- 90,777	- 53,125	- 36,821
Acquisitions	-	-	-	-	-	-
Other Movements	- 196,898	- 127,598	341,721	334,800	- 538,619	- 462,398
Foreign exchange differences	67,080	-63,821	46,310	- 39,525	20,770	- 24,296
Closing balance	**3,163,350**	**2,521,246**	**2,152,124**	**1,640,007**	**1,011,226**	**881,239**

Represented by:	**31 March 2022**	**31 March 2021**
	EUR	**EUR**
- Scheme (CA Grameen)	1,011,226	881,239
Total	**1,011,226**	**881,239**

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

	Scheme - CA Grameen (India)		
	Defined benefit obligation 2021/2022 EUR	Fair-value of scheme assets 2021/2022 EUR	Net defined scheme liability 2021/2022 EUR
Opening balance	**2,521,246**	**1,640,007**	**881,239**
Current service cost	694,082	-	694,082
Interest cost/(income)	160,390	-	160,390
Past service cost and settlements	-	-	-
Included in profit or loss	854,472	-	854,472
Return on plan assets	-	125,016	- 125,016
Actuarial changes arising from changes in demographical assumptions	- 2,768	-	- 2,768
Actuarial changes arising from changes in financial assumptions	- 364,665	-	- 364,665
Experience adjustments	284,883	- 930	285,813
Included in other comprehensive income	-82,550	124,086	-206,636
Employer contributions	-	485,494	- 485,494
Benefits paid	- 196,898	- 143,773	- 53,125
Acquisition	-	-	-
Other Movements	- 196,898	341,721	- 538,619
Foreign exchange differences	67,080	46,310	20,770
Closing balance	**3,163,350**	**2,152,124**	**1,011,226**

(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 2022 EUR**
1% increase in discount rate	- 171,719
1% decrease in discount rate	235,610
1% increase in the salary increase rate assumption	204,824
1% decrease in the salary increase rate assumption	- 149,744

(v) Others

The expected contributions to the plan for the next Annual Reporting period amounts to EUR 897,087.

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

	31 March 2022 EUR
Cash and cash equivalents	-
Investments quoted in active markets	-
Unquoted investments	-
Others; Assets under insurance schemes	2,152,124
	2,152,124

30. Share-based payment

The Board of the Company has approved the Terms and Conditions of an employee share option plan named "IPO Incentive Plan" or "Liquidity Reward Plan (since 2020)".

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

On November 2016, the Company has granted a first tranche consisting of 161,908 options (First Grant) with vesting period starting retroactively from 31st 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 31st March, 2017. On December 1st 2018, the Company has granted a third tranche consisting of 318,931 options (Third Grant) with vesting period starting retroactively from 31st March 2018. On November 20th 2019, the Company has granted a fourth tranche consisting of 216,994 options (Fourth Grant) with vesting period starting retroactively from 31st March 2019. On December 4th 2020, the Company has granted a fifth tranche consisting of 17,904 options (Fifth Grant) with vesting period starting retroactively from 31st March 2020. In FY 2022, the Company granted an additional number of 500 options under the Fifth Grant.

Furthermore, in FY21/22 the Company has forfeited 13,982 options across the five grants (FY20/21: 43,726).

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

No amounts are paid or payable by the recipient upon grant of the options. The options carry neither rights to dividends nor voting rights. When exercisable each option can be converted into one equity share of the Company.

The Company does not have any re-purchase obligation regarding the issued options. Customary good leaver clauses apply to the Liquidity Reward Plan.

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

The weighted average exercise price of options outstanding at 31 March 2022 was EUR 9,21 (2021: 9,28) and their weighted average remaining contractual life was 5.3 years. Of the total number of options outstanding at 31 March 2022, none had vested and none were exercisable. At 31 March 2022 there were still 397,119 options available for grant (2021: 383,637).

Options	Weighted average exercise price 2021/2022 (EUR)	2021/2022 Number	Weighted average exercise price 2020/2021 (EUR)	2020/2021 Number
Outstanding at beginning of period	9.72	816,363	9.72	843,495
Granted during the period	16.80	500	16.80	16,594
Forfeited during the period	13.82	- 13,982	11.71	- 43,726
Lapsed during the period	-	-	-	-
Outstanding at end of period	**9.21**	**802,881**	**9.72**	**816,363**

Grants	Options granted	Grant date	Grant effective date	Vesting – and exercise period (from Grant effective date)	Strike price EUR	Fair-value at grant date(IPO probability adjusted) EUR
Grant 1	161,908	01/Nov/16	31/Mar/16	7yrs	4.79	-
Grant 2	195,922	07/Sep/17	31/Mar/17	6yrs	7.46	1.14
Grant 3	318,931	01/Dec/18	31/Mar/18	5yrs	8.75	1.24
Grant 4	216,994	20/Nov/19	31/Mar/19	4yrs	15.00	2.98
Grant 5	16,594	04/Dec/20	31/Mar/20	3yrs	16.80	3.79
Grant-5 (addition)	500	31/Mar/22	31/Mar/20	3yrs	16.80	3.79

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

	2021/2022 EUR	2020/2021 EUR
Fifth Grant	16,880	5,743
Fourth Grant	122,703	175,450
Third Grant	96,878	183,521
Second Grant	41,821	69,656
First Grant	46,927	73,059
	325,209	**507,429**
Re-allocation prior period	-	-
Remeasurement due to lapsed options	-	-
Remeasurement due to forfeited options	- 36,503	- 76,827
	288,706	**430,602**

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

Details are as follows:

Options	**Weighted average exercise price 2021/2022 (EUR)**	**2021/2022 Number**	**Weighted average exercise price 2020/2021 (EUR)**	**2020/2021 Number**
Outstanding at beginning of period	0.91 (INR 75.52)	1,404,943	0.91 (INR 75.52)	1,343,075
Granted during the period	6.88 (INR 595.68)	1,029,300	9.09 (INR 786.91)	375,900.00
Forfeited during the period	-	-	-	-
Exercised during the period	1.23 (INR 106.32)	-284,094	1.08 (INR 93.22)	-281,258
Lapsed/expired during the period	6.95 (INR 596.48)	-57,963	1.21 (INR 104.54)	-32,774
Outstanding at end of period	**5.37 (INR 452.01)**	**2,092,186**	**0.91 (INR 75.52)**	**1,404,943**

The exercise price of options outstanding at 31 March 2022 ranged between EUR 0.31 (INR 27) and EUR 9.09 (INR 786.91) with weighted average exercise price of EUR 5.37 (INR 452.01) and a weighted average remaining contractual life of 4.50 years. As at 31 March 2022, 812,911 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:

	2021/2022 EUR	2020/2021 EUR
Equity-settled schemes	918,074	656,842
Total	**918,074**	**656,842**

During the current or previous period, the Group did not enter into any share-based payment transactions with parties other than employees and related parties 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. Furthermore there have been shared facilities and resources with CreditAccess SEA Group for which a fee is charged.

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

Remuneration of the key management personnel:

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

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

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

The remuneration of the Executive Directors consists of annual fixed remuneration and long term variable remuneration. During the financial year, no options were granted under the equity-settled share based remuneration scheme of CreditAccess India N.V. Refer to note 30 on shared-based payment.

Mr. B.R. Diwakar, Mr. C. Pinto, Mr. G. Siccardo, Mr. F.Carini and Mr. K. Slobbe hold equity interest in the Company.

	Remuneration	Remuneration
	2021/2022	2020/2021
Non-executive directors	EUR	EUR
Mr. F.G.M. Moccagatta (Presiding Director from 1 September 2021)	150,558	49,500
Mr. C. Pinto (Presiding Director until 31 August 2021)	92,459	56,626
Mrs B. Corazza	75,000	20,994
Mr. F. Carini	65,000	46,250
Mr. D. Mintz	65,000	48,875
Mrs. S. Petruccioli (from 19 October 2021)	35,890	-
Mr. K.J.M. Slobbe (until 9 December 2020 and from 19 October 2021)	33,656	58,500
Mr. G. Siccardo (until 20 September 2021)	31,508	45,125
Mr. M. Atzwanger (from 19 October 2021)	29,428	-
Mr. M.R. Spongano (until 30 June 2021)	18,750	48,000
Mr. P. Brichetti (non-executive from 1 February 2022)	10,833	-
Mr. J. Epstein (until 9 December 2020)	-	32,250
Mrs. E.C.M. Boerhof (until 9 December 2020)	-	31,125
	608,082	**437,245**
Executive directors		
Mr. P. Brichetti (CEO until 31 January 2022)	273,310	316,115
Mr. B.R. Diwakar (CEO from 1 February 2022)	223,198	79,648
	496,508	**395,763**
Total (Non-executive + Executive)	**1,104,590**	**833,008**

32. Subsequent events

The life insurance company – CALI – has recently received regulatory approval to design and underwrite insurance policies for the financially excluded segment of population (ref. note 50).

33. Notes supporting statement of cash flows

Cash and cash equivalents for the purpose of the statement of cash flows comprise:

	2021/2022	2020/2021
	EUR	EUR
Cash at bank and in hand available on demand	38,901,029	80,338,974
Short-term deposits	175,027,198	248,775,338
Total	**213,928,227**	**329,114,312**

Company Financial Statements
CreditAccess India N.V.

Company Financial Statements

Company statement of profit or loss

	Note	2021/2022 EUR	2020/2021 EUR
Interest and similar income	35	164,447	1,800,697
Interest and similar expenses	36	- 1,429,650	- 2,675,845
Net interest income		**- 1,265,203**	**- 875,148**
Other income		-	-
Total income		**- 1,265,203**	**- 875,148**
Credit loss expenses		-	- 80,424
Gross result		**- 1,265,203**	**- 955,572**
Personnel expenses	37	- 1,909,695	- 1,973,757
Depreciation and amortisation		- 56,720	- 106,040
Other operating expenses	38	- 5,034,361	- 2,141,648
Operating expenses		**- 7,000,776**	**- 4,221,445**
Operating result before value adjustments		**- 8,265,979**	**- 5,177,017**
Result from foreign currency denominated transactions		- 78,130	153,821
Share in results of subsidiaries	40	31,322,585	12,621,519
Share in results of associates	41	- 8,303	- 9,052
		31,236,152	**12,766,288**
Result before taxation		**22,970,173**	**7,589,271**
Taxation on result		-	-
Result for the period		**22,970,173**	**7,589,271**

Company balance sheet

(before appropriation of result)	Note	31 March 2022 EUR	31 March 2021 EUR
Assets			
Non-current assets			
Intangible fixed assets	39	8,260,536	8,098,912
Tangible fixed assets	39.a	209,962	48,592
Investments in subsidiaries	40	349,150,502	318,214,836
Investments in associates	41	11,742	19,890
Total Non-current assets		***357,632,742***	***326,382,230***
Current assets			
Loans and receivables with CreditAccess SEA Group	42	83,003	4,836,675
Other assets	43	207,990	1,183,088
Derivative financial instruments	46	-	-
Cash and cash equivalents	44	26,065,052	54,077,224
Total current assets		***26,356,045***	***60,096,987***
Total assets		**383,988,787**	**386,479,217**
Liabilities			
Short term liabilities			
Finance debt	47	8,286,206	25,119,719
Lease liabilities	39.a	108,486	50,898
Other liabilities	45	1,202,194	1,676,315
Derivative financial instruments	46	-	161,520
Total short term liabilities		***9,596,886***	***27,008,452***
Current assets minus short term liabilities		***16,759,159***	***33,088,535***
Assets minus short term liabilities		***374,391,901***	***359,470,765***
Long term liabilities			
Finance debt	47	-	8,198,224
Lease liabilities	39.a	89,153	-
Other liabilities	45	-	-
Total long term liabilities		***89,153***	***8,198,224***
Total liabilities		**9,686,039**	**35,206,676**
Assets minus liabilities		**374,302,748**	**351,272,541**
Capital and reserves attributable to owners of the company	48		
Share capital		45,840,568	45,840,568
Share premium		114,729,160	114,729,160
Treasury shares		-320,433	-320,433
Merger reserve		798,915	798,915
Translation reserve		-39,104,939	-46,238,997
Revaluation reserve		-8,161,917	-712,731
Cash flow hedge reserve		-	332,740
Cost of hedging reserve		-	-419,196
Other reserves		146,125,256	145,836,550
Retained earnings		114,396,138	91,425,965
Total equity		**374,302,748**	**351,272,541**
Total equity and liabilities		**383,988,787**	**386,479,217**

Notes to the Company financial statements

34. Accounting policies for the Company financial statements

The Company financial statements of CreditAccess India N.V., which form part of the consolidated financial statements for 31 March 2022 of the Group, have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. Pursuant to Section 362(8) of this Code, the same accounting policies were used as in the consolidated financial statements.

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

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

These standalone financial statements have been prepared on a going concern basis.

35. Interest and similar income

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

	2021/2022 EUR	2020/2021 EUR
Interest on loans to CreditAccess SEA Group	164,447	1,799,694
Others	-	1,003
Total	**164,447**	**1,800,697**

36. Interest and similar expenses

	2021/2022 EUR	2020/2021 EUR
Interest on Global bond (Mediobanca)	405,701	554,587
Interest on other external borrowing and similar expenses	625,056	737,909
Amortization of hedging forward points	76,857	1,077,128
Negative interest on credit balance with banks	315,888	302,966
Interest on Right of Use Assets	6,148	3,255
Total	**1,429,650**	**2,675,845**

37. Personnel expenses

	2021/2022 EUR	2020/2021 EUR
Personnel expenses comprise:		
Wages and salaries	1,495,733	1,441,115
Social security costs	125,256	102,040
Share-based payments	288,706	430,602
Total	**1,909,695**	**1,973,757**

The average number of employees (Full Time Equivalent, rounded) was 9 (2020/2021: 10).

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

38. Other operating expenses

	2021/2022 EUR	2020/2021 EUR
Directors' fees	595,619	421,918
Travel and lodging	22,039	33,658
Audit and accounting	189,034	237,718
Other professional fees	576,927	425,360
Rental and office expenses (exempted from IFRS16)	38,438	27,013
Communication and IT	10,862	14,797
Business advisory	3,000	128,732
Legal fees	3,510,458	795,693
Taxes (other than Corporate Income Tax) and licences	24,917	86,658
Insurance	83,415	48,243
Marketing and advertising	1,120	1,286
Staff training and benefits	39,260	19,491
Bank charges	2,162	2,389
Other operating expenses	1,721	1,293
Expenses recharged to companies demerged in FY19/20	- 64,611	- 102,601
Total	**5,034,361**	**2,141,648**

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

39. Intangible fixed assets

Intangible fixed assets include Goodwill amounting to EUR 8,260,536 (31 March 2021: EUR 8,098,912).

The movements during the period are as follows:

	2021/2022 EUR			2020/2021 EUR		
	Goodwill			Goodwill		
	Cost	Accumulated amortisation and impairment	Net book value	Cost	Accumulated amortisation and impairment	Net book value
Opening balance	**8,098,912**	**-**	**8,098,912**	**8,383,598**	**-**	**8,383,598**
Acquired through business combinations	-	-	-	-	-	-
Amortisation and impairment	-	-	-	-	-	-
Foreign exchange rate movements	161,624	-	161,624	- 284,686	-	- 284,686
Closing balance	**8,260,536**	**-**	**8,260,536**	**8,098,912**	**-**	**8,098,912**

Please refer to note 15 for Goodwill.

39.a. Tangible fixed assets

	31 March 2022 EUR	31 March 2021 EUR
Lease assets (IFRS16)	199,669	32,435
Others	10,293	16,157
Total tangible fixed assets	**209,962**	**48,592**

Movement schedule of carrying amounts of Lease assets (IFRS16)	Buildings EUR	Total EUR
Right of use assets		
31 March 2021	32,435	32,435
Movements during the period		
Additions	252,214	252,214
Disposals	- 39,824	- 39,824
Depreciation	- 45,156	- 45,156
31 March 2022	**199,669**	**199,669**
Lease liability		
31 March 2021	50,898	50,898
Movements during the period		
Additions	252,214	252,214
Accretion of interest	6,148	6,148
Payments (reducing the lease liability)	- 111,621	- 111,621
31 March 2022	**197,639**	**197,639**
General lease term	3.0 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 2022 EUR	31 March 2021 EUR
Lease liabilities – Long term	89,153	-
Lease liabilities – Short term	108,486	50,898
Total	**197,639**	**50,898**

Movement schedule of carrying amounts of other tangible fixed assets	Leasehold improvements EUR	Furniture and fixtures EUR	Computer equipment EUR	Total EUR
Cost	50,094	16,662	36,080	102,836
Accumulated Depreciation	- 50,094	- 16,381	- 26,068	- 92,543
Net book value at 31 March 2022	**-**	**281**	**10,012**	**10,293**

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

40. Investments in subsidiaries

The movements during the period are as follows:

	2021/2022 EUR	2020/2021 EUR
Opening balance	**318,214,836**	**263,703,419**
Additions from capital contributions:		
- MVH Srl	90,000	-
- CA-SEC BV	5,000	-
	95,000	**-**
Capital reductions		
- MVH Srl	- 5,012	-
	-5,012	**-**
- Value step-up related to share-premium of CA Grameen in QIP (qualified institutional placement)	-	48,197,923
Share in result of subsidiaries	31,322,585	12,621,519
Share in participations, directly through equity	- 7,449,186	2,679,442
Exchange rate differences	6,972,279	- 8,987,467
Closing balance	**349,150,502**	**318,214,836**

Share in result of subsidiaries mostly represent CAI NV portion of profits after tax of CA Grameen equal to EUR 31.3 mln. (FY20/21: 12.7 mln.)

41. Investments in associates

During FY19/20 the company acquired 49% share in CreditAccess Life Insurance Ltd, India which is the only investment in associates at 31 March 2022.

	2021/2022 EUR	2020/2021 EUR
Opening balance	**19,890**	**30,047.00**
Additions arising from direct acquisitions	-	-
Share in result of associate	- 8,303	- 9,052
Exchange rate differences	155	- 1,105
Closing balance	**11,742**	**19,890**

42. Loans and receivables to CreditAccess SEA Group

	31 March 2022 EUR	31 March 2021 EUR
PT Bina Artha Ventura: Senior debt	-	1,760,885
PT Bina Artha Ventura: Interest on senior loans	-	39,458
CreditAccess Philippines: Senior debt	-	2,856,493
CreditAccess Philippines: Interest on senior loans	-	151,936
CreditAccess SEA BV: Current-account	83,003	27,903
Total	**83,003**	**4,836,675**

Current/ Non-current	31 March 2022 EUR	31 March 2021 EUR
Loans to CreditAccess SEA Group – Non-Current	-	-
	-	**-**
Loans and receivables to CreditAccess SEA Group – Current	83,003	4,645,281
Interest on Loans to CreditAccess SEA Group – Current	-	191,394
	83,003	**4,836,675**
Total	**83,003**	**4,836,675**

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

43. Other assets

	31 March 2022 EUR	31 March 2021 EUR
Trade receivables	166,889	166,889
Collateral against hedging	-	841,674
Prepayments	10,487	85,996
Tax and social security	-	62,026
Other receivables	30,614	26,503
Total	**207,990**	**1,183,088**

44. Cash and cash equivalents

	31 March 2022 EUR	31 March 2021 EUR
Cash at bank and in hand available on demand	26,065,052	54,077,224
Cash and cash equivalents	**26,065,052**	**54,077,224**

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 2022 EUR	31 March 2021 EUR
Trade payables	360,590	465,532
Tax and social security	131,912	92,898
Employee liabilities	129,003	292,374
Accrued interest (excluding Finance debt at EIR)	45,044	85,790
Other liabilities and accrued expenses	535,645	739,721
Total	**1,202,194**	**1,676,315**

Current/ Non-current	31 March 2022 EUR	31 March 2021 EUR
Other liabilities – Long term	-	-
Other liabilities – Short term	1,202,194	1,676,315
Total	**1,202,194**	**1,676,315**

46. Derivative financial instruments

	31 March 2022 EUR	31 March 2021 EUR
Non-deliverable forward contracts – liabilities – Current	-	161,520
Net derivative financial instruments	**-**	**161,520**

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

47. Finance debt

	31 March 2022 EUR	31 March 2021 EUR
Principal amounts	8,198,224	32,998,224
Effective interest adjustments	- 6,023	- 40,570
	8,192,201	32,957,654
Payable contractual interest	94,005	360,289
	8,286,206	**33,317,943**

Current/ Non-current	31 March 2022 EUR	31 March 2021 EUR
Finance debt - Long term	-	8,198,224
Finance debt - Short term	8,286,206	25,119,719
Total	**8,286,206**	**33,317,943**

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

Financial year 2021/2022	Non-current EUR	Current EUR	Total EUR
Opening balance	**8,198,224**	**24,800,000**	**32,998,224**
Reclass from change in maturity	-8,198,224	8,198,224	-
Repayments	-	- 24,800,000	- 24,800,000
Closing balance	**-**	**8,198,224**	**8,198,224**

Current part consists of:

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

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

For the debt outstanding as at 31 March 2022, the average contracted interest rate is 3.83%. (31 March 2021: 3.81%)

The movements during the prior period are as follows:

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

48. Equity

The movements during the year are as follows:

	Issued and paid-up capital	Share premium	Treasury shares	Merger Reserve	Translation reserve	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31 March 2021	**45,840,568**	**114,729,160**	**-320,433**	**798,915**	**-46,238,997**	**- 712,731**	**332,740**	**- 419,196**	**145,836,550**	**91,425,965**	**351,272,541**
Capital increase/decrease	-	-	-	-	-	-	-	-	-	-	-
Other movements during the year (refer to '*consolidated statement of changes in equity*')	-	-	-	-	7,134,058	-7,449,186	-332,740	419,196	288,706	-	60,034
Net result for the year	-	-	-	-	-	-	-	-	-	22,970,173	22,970,173
31 March 2022	**45,840,568**	**114,729,160**	**-320,433**	**798,915**	**-39,104,939**	**-8,161,917**	**-**	**-**	**146,125,256**	**114,396,138**	**374,302,748**

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

48. Equity (continued)

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

As at 31 March 2022, 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 36,907,563 (31 March 2021: EUR 29,689,622). It relates to legal reserves of Indian subsidiaries.

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

	31 March 2022	31 March 2021
Share capital	45,840,568	45,840,568
Share premium	114,729,160	114,729,160
Other reserves	62,429,319	69,587,226
Legal reserves (restricted)	36,907,563	29,689,622
Retained earnings	114,396,138	91,425,965
Total Equity	**374,302,748**	**351,272,541**

49. Commitments and contingent liabilities

This Company has future obligations for its rented office amounting to EUR 197,639 (31 March 2021: EUR 50,898). An amount of EUR 108,486 (31 March 2021; EUR 50,898) is due within one year and EUR 89,153 (31 March 2021; EUR 0) is due between 2 and 5 years.

50. Subsequent events

The life insurance company – CALI – has recently received regulatory approval to design and underwrite insurance policies for the financially excluded segment of population. This will enable the Group to benefit from the new business of offering insurance / savings products to its rural, unbanked and under-banked customers. CALI is expected to commence operations in FY22/23.

51. Proposed appropriation of the result

The result of EUR 22,970,173 for the year ended 31 March 2022 is shown as 'Result for the period' until the shareholders of the Company approve the FY21/22 financial statements and the appropriation of the result.

At the general meeting of the shareholders a proposal will be put forth to approve the financial statements and to add the FY21/22 net result after taxes to Retained earnings.

Amsterdam, 1 July 2022

CreditAccess India N.V.

Executive Board:

B. R. (Boddupalli Ram) Diwakar

Non-executive Board:

F.G.M. (Francesco) Moccagatta

K.J.M. (Koen) Slobbe

B. (Benedetta) Corazza

D.R. (Daniel) Mintz

F. (Federico) Carini

S. (Stefania) Petruccioli

M. (Michael) Atzwanger

P. (Paolo) Brichetti

Other Information

Statutory rules concerning appropriation of the 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.

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 2022 included in the annual report

Our opinion

We have audited the annual financial statements for the year ended 31 March 2022 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 2022, 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 2022, 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 2022
- The following statements for the year then ended: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet for the year ended 31 March 2022
- 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. (the Company) 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.

Report on other information included in the annual report

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

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

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

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

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

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

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Amsterdam, 1 July 2022

Ernst & Young Accountants LLP

signed by M.L. Milet de Saint Aubin

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