

Optare PLC
Consolidated balance sheet as at March 31, 2022

Particulars	Note No.	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	70.64	38.86
Capital work-in-progress	1.1	24.98	-
Goodwill		-	-
Other Intangible assets	1.2	145.80	53.20
Intangible assets under development	1.2	16.58	-
Right To use Asset	1.3	49.80	45.74
Financial Assets			
(i) Investments	1.4	-	-
(ii) Trade receivables	1.5	-	-
(iii) Loans	1.6	-	-
(i) Other financial assets	1.7	2.03	-
Deferred tax assets (net)	1.29	14.38	-
Advance tax assets (net)	1.9	0.01	-
Other non-current assets	1.8	0.26	-
		324.48	137.80
Current assets			
Inventories	1.10	176.47	126.13
Financial Assets			
(i) Investments	1.11	-	-
(i) Trade receivables	1.12	14.19	118.08
(ii) Cash and cash equivalents	1.13	145.62	86.15
(iv) Bank balances other than (iii) above	1.13B	-	-
(v) Loans	1.14	-	-
(iii) Other financial assets	1.15	31.69	-
Contract Assets	1.16	2.62	-
Other current assets	1.17	173.03	61.65
		543.62	392.01
Assets classified as held for sale	1.17A	-	-
		868.10	529.81
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.18	899.37	899.37
Other equity	1.19	(1,213.59)	(898.18)
Equity Attributable to parent		(314.22)	1.19
Non controlling interest		(1.67)	-
		(315.89)	1.19
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.20	-	-
(i) Lease liabilities		46.08	46.54
(ii) Other financial liabilities	1.21	-	-
Provisions	1.23	21.03	20.00
Deferred tax liabilities (net)	1.30	-	-
Contract liabilities	1.22	-	-
Other non-current liabilities	1.22	-	-
		67.11	66.54
Current liabilities			
Financial liabilities			
(i) Borrowings	1.24	543.40	348.60
(ii) Trade payables	1.25	165.38	55.79
(iii) Lease Liabilities		11.53	8.65
(iv) Other financial liabilities	1.26	289.33	20.85
Contract liabilities	1.27	66.24	1.51
Other current liabilities	1.29	10.29	10.28
Provisions	1.31	30.71	16.40
Current tax liabilities (net)		-	-
		1,116.88	462.08
TOTAL EQUITY AND LIABILITIES			
		868.10	529.81

The accompanying notes form an integral part of the consolidated financial statements

Hariharan Krishnamurthi
Chief Financial Officer

Andrew Palmer
Executive Vice Chairman & CEO

Optare PLC
Consolidated statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	Year ended March 31, 2022 Rs. Crores	Year ended March 31, 2021 Rs. Crores
Income			
Revenue from operations	2.1	243.94	289.36
Other income	2.2	0.08	3.02
Total Income		244.02	292.38
Expenses			
Cost of materials and services consumed		129.63	162.27
Purchases of stock-in-trade		16.84	39.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.3	35.57	12.95
		182.04	214.63
Employee benefits expense	2.4	233.30	129.47
Finance costs	2.5	24.31	13.51
Depreciation and amortisation expense	2.6	42.23	32.63
Other expenses	2.7	137.04	57.10
Total Expenses		618.92	447.34
Profit before exchange (loss) on swap contracts, exceptional items and tax		(374.90)	(154.96)
Exchange (loss) on swap contracts		-	-
Profit before exceptional items and tax		(374.90)	(154.96)
Exceptional items	2.8	-	-
Profit before tax		(374.90)	(154.96)
Tax expense:			
Current tax		-	-
Deferred tax - Charge/ (Credit)		(14.38)	-
		(14.38)	-
Net Profit / (Loss) for the year		(360.52)	(154.96)
Other Comprehensive Income			
- Translation difference		3.02	(5.88)
Total Other Comprehensive Income		3.02	(5.88)
Total Comprehensive Income for the year		(357.50)	(160.84)
Profit or loss attributable to			
Owners		(357.94)	(154.96)
Non Controlling Interest		(2.58)	-
		(360.52)	(154.96)
Other Comprehensive Income			
Owners		3.02	(5.88)
Non Controlling Interest		-	-
		3.02	(5.88)
Total Comprehensive Income for the year			
Owners		(354.92)	(160.84)
Non Controlling Interest		(2.58)	-
		(357.50)	(160.84)
Earnings per share (Face value Re.1 each) -			
-Basic (in Rs.)		(0.04)	(0.02)
-Diluted (in Rs.)		(0.04)	(0.02)

The accompanying notes form an integral part of the consolidated financial statements

Hariharan Krishnamurthi
Chief Financial Officer

Andrew Palmer
Executive Vice Chairman & CEO

Optare PLC
Consolidated statement of Changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

	Rs. Crores			
	Balance at the beginning of April 1, 2020	Changes in equity share capital during the year	Balance at the end of March 31, 2021	Changes in equity share capital during the year
	675.01	224.36	899.37	0.00
				899.37

B. Other Equity

Rs. Crores

Particulars	Shares Pending Allotment	Reserves and Surplus						Attributable to owners of the Company	Non-controlling interests	
		Capital Reserve	Securities Premium	Capital Redemption Reserve	Debt Redemption Reserve	Share Options Outstanding Account	General Reserve			Foreign currency translation reserve
Balance at the beginning of April 1, 2020	-	-	-	-	-	-	(7.48)	(729.86)	(737.34)	-
Pursuant to business combination	-	-	-	-	-	-	(7.48)	(729.86)	(737.34)	-
Adjusted balance at the beginning of the year	-	-	-	-	-	-	(5.88)	(154.96)	(160.84)	-
Transition adjustment on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	(5.88)	(154.96)	(160.84)	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(5.88)	(154.96)	(160.84)	-
Balance at the end of March 31, 2021	-	-	-	-	-	-	(13.36)	(884.82)	(898.18)	-
Profit for the year	-	-	-	-	-	-	-	(357.94)	(357.94)	(2.58)
Other comprehensive income	-	-	-	-	-	-	3.02	3.02	3.02	-
Total Comprehensive Income for the year	-	-	-	-	-	-	3.02	(357.94)	(354.92)	(2.58)
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	-	-	-
Exchange difference amortised	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
Transactions with owners:	-	-	-	-	-	-	-	-	-	-
Allotment of Share Capital pursuant to business combination	-	-	(96.08)	-	-	-	-	-	(96.08)	0.91
Change in shareholding between owners and non controlling interest	-	-	-	-	-	-	-	135.59	135.59	-
Balance at the end of March 31, 2022	-	-	(96.08)	-	-	-	(10.34)	(1,107.17)	(1,213.59)	(1.67)

The accompanying notes form an integral part of the consolidated financial statements

Hariharan Krishnamurthi
Chief Financial Officer

Andrew Palmer
Executive Vice Chairman & CEO

Optare PLC
Consolidated statement of Cash flows for the year ended March 31, 2022

	Year ended March 31, 2022 Rs. Crores	Year ended March 31, 2021 Rs. Crores
Cash flow from operating activities		
Profit for the year	(374.90)	(154.96)
Adjustments for :		
Depreciation, amortisation and impairment	33.21	24.69
Depreciation of right-of-use asset	9.02	7.94
Foreign exchange loss/ (gain)	3.02	(5.88)
Loss / (Profit) on sale of Property, plant and equipment (PPE) and intangible assets - net	0.34	(1.67)
Finance costs	24.31	13.51
Payments of Lease Liability	9.42	10.10
Cashflow translation difference (average rate P&L vs closing rate BS)	0.91	(8.20)
Operating profit before working capital changes	(294.67)	(114.47)
Adjustments for changes in :		
Trade receivables	104.30	35.41
Inventories	(8.85)	21.77
Non-current and current financial assets	(33.72)	-
Contract assets	(2.62)	-
Other non-current and current assets	(111.41)	(29.55)
Trade payables	97.71	(13.45)
Non-current and current financial liabilities	23.39	9.82
Contract liabilities	64.73	(12.21)
Other non-current and current liabilities	(0.21)	10.28
Other non-current and current provisions	13.30	(5.88)
Cash generated from operations	(148.05)	(98.28)
Income tax paid (net of refund)	-	-
Net cash (used in)/ from operating activities	[A] (148.05)	(98.28)
Cash flow from investing activities		
Purchase of PPE, intangible assets & right to use assets	(91.53)	(25.81)
Proceeds on sale of PPE and intangible assets	2.39	3.07
Purchase of non-current investments	-	-
Sale proceeds of non-current investments / Capital reduction	-	-
Purchase of / sale proceeds from current investments (net)	-	-
Net cash from/ (used in) investing activities	[B] (89.14)	(22.74)
Cash flow from financing activities		
Proceeds from issue of equity shares*	-	150.40
Proceeds from issues of shares to non-controlling interest	135.59	-
Repayments of non-current borrowings	-	-
Payments relating to swap contracts on non-current borrowings	-	-
Proceeds from current borrowings	278.85	178.30
Proceeds from loans received from related parties	-	48.52
Repayments of current borrowings	(84.05)	(169.85)
Payments of Lease Liability	(9.42)	(10.10)
Interest paid	(24.31)	(11.95)
Net cash (used in) financing activities	[C] 296.66	185.32
Net cash Inflow / (Outflow)	[A+B+C] 59.47	64.30
Opening cash and cash equivalents	86.15	21.85
Exchange fluctuation on foreign currency bank balances		
Closing cash and cash equivalents [Refer Note 1.6 to the standalone financial statements]	145.62	86.15

Notes:

The accompanying notes form an integral part of the consolidated financial statements

* During the prior year there was a non-cash movement of 73.96 Rs Crores in borrowings when an intercompany loan was converted to equity

Hariharan Krishnamurthi
Chief Financial Officer

Andrew Palmer
Executive Vice Chairman & CEO

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION / AMORTISATION						NET CARRYING AMOUNT	
	01.04.2021	Adjustments	Additions	Acquisition through business combination	Exchange	Disposals	31.03.2022	Up to 31.03.2021	Adjustments	Charge during the year	Exchange	Disposals		Up to 31.03.2022
Property, plant and equipment (PPE)														
Leasehold property improvements	13.41	-	0.83	-	(0.59)	-	13.75	10.99	-	1.42	(0.17)	-	12.24	1.51
Plant and equipment	38.83	38.08	2.10	7.74	(1.43)	(43.40)	43.89	37.78	34.55	4.57	0.99	(43.40)	33.89	8.11
Furniture and fittings	6.15	-	(2.11)	2.76	(0.06)	(1.89)	4.72	2.51	(34.55)	0.88	-	(1.89)	1.40	3.32
Foelung	39.06	(38.06)	-	-	-	-	-	34.55	(34.55)	-	-	-	-	-
Vehicles	38.86	-	8.82	28.12	(2.81)	(9.93)	70.46	19.41	-	5.87	(0.39)	(1.13)	23.78	46.87
Computer equipment	15.17	-	1.17	3.81	(0.22)	(0.38)	18.55	8.48	-	2.39	(0.19)	(0.38)	10.32	9.23
TOTAL	152.88	-	11.91	43.43	(4.94)	(48.70)	152.88	113.72	-	15.22	0.30	(46.95)	91.74	70.64

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				RECLASSIFICATION	31.03.2022
	01.04.2021	Adjustments	Acquisition through business combination	Capitalised during the year		
Capital work-in-progress						
Capital work in progress	-	24.98	-	-	-	24.98

CMP Ageing Schedule

Amount in CMP for a period of	Less than 1 year	1-3 years	2-3 years	More than 3 years	Total
Projects in progress	24.98	-	-	-	24.98

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT		
	01.04.2021	Adjustment	Additions	Acquisition through business combination	Exchange	Disposals	31.03.2022	Upto 31.03.2021	Adjustment	Charge during the year	Exchange		Disposals	Upto 31.03.2022
Intangible assets														
Computer software														
- Developed	-		0.00	6.86	-	-	6.86	-		1.08	(0.02)	-	1.05	5.80
- Acquired	-		(0.00)	0.95	-	-	0.95	-		0.30	(0.01)	-	0.29	0.67
Others														
Technical knowhow														
- Developed	132.84	(6.96)	2.75	107.08	(0.52)	(44.97)	83.24	79.74		9.96	(0.23)	(44.98)	44.49	36.75
- Acquired	-		-		-		107.08	-		6.65	(0.15)		6.50	100.58
TOTAL	132.84	(6.96)	2.75	114.90	(0.52)	(44.97)	198.14	79.74	-	17.59	(0.41)	(44.98)	52.24	145.80

Employee expenses capitalized Rs. 3.31 crores (2020-2021: Rs. 3.41 crores) - Refer Notes 2.4

Intangible assets under development	01.04.2021	Additions / Adjustments	Acquisition through business combination	Capitalized during the year	Reclassification	31.05.2022
Intangible assets under development		15.58	-	-	-	15.58

Intangible assets under development

Amount in IALID for a period of	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	16.58	-	-	-	16.58

Optare PLC
Notes annexed to and forming part of the consolidated financial statements

1.2a OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT	
	01.04.2020	Adjustments	Additions	Exchange	Disposals	31.03.2021	Upto 31.03.2020	Adjustment	Charges during the year	Exchange	Disposals		Upto 31.03.2021
Intangible assets													
Computer software - Developed - Acquired													
Others Technical Knowhow - Developed - Acquired	117.64	(4.53)	9.09	10.84	-	132.94	52.85	(3.30)	13.05	7.14	-	79.74	53.20
TOTAL	117.64	(4.53)	9.09	10.84	-	132.94	52.85	(3.30)	13.05	7.14	-	79.74	53.20

Employee expenses capitalised Rs. 3.41 crores - Refer Notes 2.4

DESCRIPTION	01.04.2020	Additions / Adjustments	Acquisition through business combination	Capitalised during the year	Reclassification	31.03.2021
Other Intangible Assets						
Intangible assets under development						0

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

Description	Gross carrying amount					Depreciation/Amortisation					Net Carrying Amount	
	01.04.2021	Additions	Disposals	Exchange	31.03.2022	Upto 31.03.2021	Charge during the year	Disposals	Exchange	31.03.2022	31.03.2022	
Building	56.64	10.21	(1.02)	1.56	67.39	13.69	7.69	-	1.02	(0.33)	20.03	47.36
Vehicle	4.11	0.54	(0.31)	0.34	4.68	1.32	1.33	-	0.37	(0.04)	2.24	2.44
Total	60.75	10.75	(1.33)	1.90	72.07	15.01	9.02	(1.39)	(0.37)	22.27		49.80

Note :

1. A range from 1.83% - 2.13% discounting rates have been used for the purpose of computing right to use assets
2. Rental amount per annum ranges from Rs 5 Crores to Rs 0.1 Crores
3. The lease period ranges from 5 to 17 years over which the right to use asset is depreciated on a straight line basis.
4. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

1.3a

Description	Gross carrying amount				Depreciation/Amortisation				Net Carrying Amount
	01.04.2020	Additions	Exchange	31.03.2021	Upto 31.03.2020	Charge during the year	Exchange	31.03.2021	31.03.2021
Building	52.56	-	4.08	56.64	6.27	6.67	0.75	13.69	42.95
Plant and Machinery	-	-	-	-	-	-	-	-	-
Vehicle	-	4.11	-	4.11	-	1.27	0.05	1.32	2.79
Other	-	-	-	-	-	-	-	-	-
Total	52.56	4.11	4.08	60.75	6.27	7.94	0.80	15.01	45.74

Note :

1. A range from 1.83% - 2.13% discounting rates have been used for the purpose of computing right to use assets
2. Rental amount per annum ranges from Rs 5 Crores to Rs 0.1 Crores
3. The lease period ranges from 5 to 17 years over which the right to use asset is depreciated on a straight line basis.
4. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.7 NON-CURRENT - OTHER FINANCIAL ASSETS (Unsecured, considered good unless otherwise stated)		
a) Security Deposits	2.03	
b) Other receivables *		
Considered good	-	
Considered doubtful	-	
Less: Allowance for doubtful amounts	-	-
b) Derivatives not designated as hedging instruments carried at fair value	-	
b) Revenue grants receivable	-	
c) Others		
i. Employee advances	-	
ii. Earmarked bank balance (escrow bank accounts)	-	
iii. Other advances	-	
iii. Advance to related parties	-	
iv. Bank deposits held as security (relating to financing activities) [Collateral towards securitisation/assignment of receivables]	-	-
	2.03	-

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.8 OTHER NON-CURRENT ASSETS (Unsecured, considered good unless otherwise stated)		
a) Prepayments under operating leases	-	
b) Capital Advances		
Advances to related parties (Refer Note 3.8)		
Considered good	-	
Considered doubtful	-	
Others		
Considered good	0.26	
Considered doubtful	-	
Less: Allowance for doubtful advances	-	
	0.26	-
c) Balances with customs, port trust, central excise etc.		
Considered good	-	
Considered doubtful	-	
Less: Allowance for doubtful amounts	-	
	-	-
d) Others		
Considered good		
i. Input tax refundable	-	-
i. Sales tax paid under protest	-	-
iv. Advance Income tax (net)	-	-
v. MAT Credit entitlement	-	-
ii. Other advances (includes prepaid expenses, etc.)	-	-
	-	-
Considered doubtful		
Supplier advance	-	-
Less: Allowance for doubtful advances	-	-
	-	-
	0.26	-

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.9 NON-CURRENT INCOME TAX ASSETS (NET)		
Advance income tax (net of provision)	0.01	-
	0.01	-
CURRENT TAX ASSETS		
Advance income tax (net of provision) #	-	-
	-	-

mainly represents tax refund receivable on account of conclusion of assessments/ litigations.

1.10 INVENTORIES

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
(a) Raw materials and components	133.03	46.08
(b) Work-in-progress	19.80	43.19
(c) Finished goods	18.63	14.72
(d) Stock-in-trade	5.01	22.14
	176.47	126.13

Amount of inventories recognised as an expense and write down of inventories during the year are Rs. 182.04 crores (2020-2021: Rs. 214.63 crores).

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.12 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES		
(Unsecured)		
Considered good		0.19
Related parties		117.89
Others	14.19	118.08
Significant increase in credit risk		
Others	20.26	18.14
	20.26	18.14
Less: Loss allowance	(20.26)	(18.14)
	14.19	118.08

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Related Parties								-
(i) Undisputed Trade receivables -- considered good								-
(ii) Undisputed Trade Receivables -- which have significant increase in credit risk								
Others								14.19
(i) Undisputed Trade receivables -- considered good			13.69	0.50		2.99		20.26
(ii) Undisputed Trade Receivables -- which have significant increase in credit risk			17.28					

Comparative trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Related Parties								0.19
(i) Undisputed Trade receivables -- considered good			0.19					
(ii) Undisputed Trade Receivables -- which have significant increase in credit risk								
Others								117.89
(i) Undisputed Trade receivables -- considered good		33.18	3.24	79.55	1.92			117.89
(ii) Undisputed Trade Receivables -- which have significant increase in credit risk				18.14				18.14

Notes :

1. Movement in loss allowance is as follows:

	March 2022	March 2021
Opening	18.14	21.18
Additions/Transfers	0.47	5.17
Utilisations / Reversals	1.65	8.21
Closing	20.26	18.14

2. These are carried at amortised cost.

3. For details of assets given as security against borrowings - Refer Note 3.13.

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.13 A. CASH AND CASH EQUIVALENTS		
i) Balance with banks:		
a) In current accounts	129.15	86.12
b) In deposit accounts *	16.38	-
ii) Cash and stamps on hand	0.09	0.03
	145.62	86.15

* This represents deposits with original maturity of less than or equal to 3 months.

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.15 CURRENT FINANCIAL ASSETS - OTHERS (Unsecured, considered good unless otherwise stated)		
a) Security deposits	17.27	
b) Employee advances	0.02	
c) Others (includes expenses recoverable, etc.)		
Considered good	14.40	
Considered doubtful	-	
	14.40	-
Less: Allowance for doubtful amount	-	
	14.40	-
	31.69	-

Optare PLC

Notes annexed to and forming part of the Consolidated Financial Statements

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.16 CONTRACT ASSETS		
Unbilled revenue (Refer note 3.7)		
Others	2.62	-
	2.62	-

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

1.17a OTHER CURRENT ASSETS (Unsecured, considered good unless otherwise stated)	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
a) Supplier advances		
Considered good	107.84	48.92
Considered doubtful	-	-
	107.84	48.92
Less: Allowance for doubtful advances	-	-
	107.84	48.92
b) Balances with customs, port trust, central excise etc.	13.69	-
c) Others*	51.50	12.73
	173.03	61.65
* Includes:		
- Prepaid expenses	51.50	12.73

Note:

All supplier advances considered good at this time. Therefore no allowance required.

No movement in allowance for doubtful advances as no allowance in current or prior year

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.18 EQUITY SHARE CAPITAL		
Authorised 96,210,291,827 Equity Shares	899.37	899.37
	899.37	899.37
Issued 96,210,291,827 Equity Shares	899.37	899.37
	899.37	899.37
Subscribed and fully paid up 96,210,291,827 Equity Shares	899.37	899.37
	899.37	899.37
	899.37	899.37

amount is below rounding off norms adopted by the group

Notes:

1. Reconciliation of number of equity shares subscribed	March 2022	March 2021
Balance as at the beginning of the year	96,210,291,827	73,460,291,827
Add: Issued during the previous year pursuant to business combination	-	22,750,000,000
Balance as at end of the period	96,210,291,827	96,210,291,827
2. Shares issued in preceding 5 years		
a) The Company had issued and allotted during the year 2011-12, 133,03,38,317 equity shares as fully paid-up bonus shares by utilisation of securities premium reserve in the ratio of 1:1.		
3. Shares held by the Holding Company - No change in year	88,153,704,162	88,153,704,162
4. Shareholders other than the Holding Company holding more than 5% of the equity share capital		
Hinduja Automotive Ltd	7,500,000,000	7,500,000,000

5. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company

Shares held by promoters at the end of the year				% Change during the year
S. No	Promoter name	No. of Shares**	% of total shares**	
	Ashok Leyland Limited	88,153,704,162	91.63%	0%
	Hinduja Automotive Ltd	7,500,000,000	7.80%	0%
Total		95,653,704,162	99.42%	0%

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	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.19 OTHER EQUITY		
a Capital Reserve	(96.08)	
b Foreign currency monetary item translation difference	(10.34)	(13.36)
Retained Earnings	(1,107.17)	(884.82)
	(1,213.59)	(898.18)

a Capital reserve represents reserve created pursuant to the business combinations.

b Foreign currency translation reserve represents exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Indian Rupees) which are recognised directly in other comprehensive income and accumulated in this foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

1.23 NON-CURRENT PROVISIONS	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
a) Provision for employee benefits		
i. Compensated absences	1.03	-
ii. Others including post retirement benefits	-	-
Others		
i. Product warranties	20.00	20.00
c) Provision for other contingencies		
i. Others (including litigation matters)	-	-
	21.03	20.00

Note:

Movement in Provision for product warranties is as follows :

Particulars	Mar-22	March 2021
Opening	20.00	26.42
Add: Additions (net of utilisations)	-	(6.42)
Closing	20.00	20.00

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 5 years

1.24 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at March 31, 2022	As at March 31, 2021
	Rs. Crores	Rs. Crores
Secured borrowings		
Loans from banks (Includes cash credit, packing credit, etc)	29.84	
Unsecured borrowings		
Short term loans from banks	513.56	348.60
Loans from related parties	-	-
	543.40	348.60

Note:

- These are carried at amortised cost.
- Net debt reconciliation:

	As at March 31, 2022	As at March 31, 2021
	Rs. Crores	Rs. Crores
Cash and cash equivalents	145.62	86.15
Leases	57.61	55.19
Current borrowings	543.40	350.16
Net debt	746.63	491.50

	Other assets	Liabilities from financing activities	Total
	cash and bank overdraft	Non-current borrowings	Current borrowings
			Lease Liability
Net debt as at March 31, 2021	21.85	-	367.77
Recognised on adoption of Ind As 116			
Cash flows (net)	64.30	(19.17)	(0.82)
Interest expense		12.40	1.11
Interest paid		(10.84)	(1.11)
Net debt as at March 31, 2022	86.15	-	350.16
Recognised on adoption of Ind As 116			
Cash flows (net)	59.47	193.24	2.42
Interest expense		23.12	1.19
Interest paid		(23.12)	(1.19)
Net debt as at March 31, 2022	145.62	-	543.40
			Lease Liability
			56.01
			44.31
			13.51
			(11.95)
			491.50
			255.13
			24.31
			(24.31)
			746.63

1.25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
Trade payables	165.38	55.79
	<u>165.38</u>	<u>55.79</u>

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME							-
(ii) Others		130.06	24.04				154.10
(iii) Related Parties			11.28				11.28
(iv) Disputed dues - Others							-

Comparative trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME							-
(ii) Others		24.48	30.10	0.35			54.92
(iii) Related Parties			0.87				0.87
(iv) Disputed dues - Others							-

Note:

These are carried at amortised cost.

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	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.26 CURRENT - OTHER FINANCIAL LIABILITIES		
a) Interest accrued but not due on borrowings	-	1.56
b) Employee benefits	3.25	0.03
c) Capital creditors	-	
d) Slump sale - related party	277.82	
e) Others *	8.26	19.26
	289.33	20.85

* Includes:

- Accrued expenses / liabilities

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	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.27 CONTRACT LIABILITIES		
Income received in advance	-	0.24
Advance from customers	66.24	1.27
	66.24	1.51

1.28 CURRENT PROVISIONS	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
a) Provision for employee benefits		
i. Compensated absences	2.06	-
b) Others		
i. Product warranties	28.65	16.40
	30.71	16.40

Notes:

1. Movement in Provision for product warranties is as follows :

Particulars	March 2022	March 2021
Opening	16.40	15.86
Add: Additions (net of utilisations)	12.25	0.54
Closing	28.65	16.40

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 5 years

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	As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
1.29 OTHER CURRENT LIABILITIES		
Statutory liabilities	10.29	10.28
	10.29	10.28

1.7a DEFERRED TAX ASSETS (NET)

i) Deferred tax assets

As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
14.38	-
14.38	-

1.30 DEFERRED TAX LIABILITIES (NET)

i) Deferred tax liabilities

As at March 31, 2022 Rs. Crores	As at March 31, 2021 Rs. Crores
-	-
-	-

Note:

Refer Note 3.2 for details of deferred tax liabilities and assets.

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Notes annexed to and forming part of the consolidated financial statements

2.1 REVENUE FROM OPERATIONS	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Rs. Crores	Rs. Crores
a) Sale of products		
- Commercial vehicles	173.51	229.18
- Spare parts and others	54.99	41.14
(A)	228.50	270.32
b) Sale of services	(B) 16.48	20.57
c) Other operating revenues		
- Grant income	0.08	-
- Export incentives	-	-
- Scrap sales	0.11	-
- Others including recoveries (freight, etc.)	-	-
- Others	0.05	-
(C)	0.24	0.00
(A+B)	245.22	290.89
Less: Rebates and discounts	(1.28)	(1.53)
	243.94	289.36

2.2 OTHER INCOME

	Year ended March 31, 2022	Year ended March 31, 2021
	Rs. Crores	Rs. Crores
a) Interest income from		
i. Loans to related parties (Refer Note 3.8)	-	
ii. Others	0.01	
b) Dividend income from		
i. Current investments		
ii. Non-current investments (Refer Note 3.8)	-	
c) Profit on sale of investments - net		
i. Current investments		
ii. Non-current investments	-	
Other non-operating income		
i. Profit/(loss) on sale of Property, Plant and Equipment (net)	(0.34)	1.65
ii. Foreign exchange gain (net)	-	
iii. Net (loss) / gain arising on financial asset mandatorily measured at FVTPL		
iv. Income from subleasing right of use assets		
v. Gains or losses arising from sale or leaseback transactions;		
vi. Others	0.41	1.37
	0.08	3.02

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**2.3 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE
AND WORK-IN-PROGRESS**

	Year ended March 31, 2022	Year ended March 31, 2021
	Rs. Crores	Rs. Crores
Changes in inventories		
- Finished goods and stock-in-trade	(4.09)	(14.96)
- Work-in-progress	39.66	27.91
Net change	35.57	12.95

2.4 EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2022	Year ended March 31, 2021
	Rs. Crores	Rs. Crores
a) Salaries and wages	232.31	129.91
b) Contribution to defined contribution retirement benefit schemes	1.93	3.33
c) Staff welfare expenses	2.22	
	236.46	133.24
Less: Expenses capitalised	(3.16)	(3.77)
	233.30	129.47

2.5 FINANCE COSTS

	Year ended March 31, 2022	Year ended March 31, 2021
	Rs. Crores	Rs. Crores
a) Interest expense and other borrowing costs	23.12	12.40
b) Interest on leases	1.19	1.11
	24.31	13.51

2.6 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2022	Year ended March 31, 2021
	Rs. Crores	Rs. Crores
A) Property, plant and equipment		
(i) Leasehold property improvements	1.42	1.71
(ii) Plant and equipment	4.67	0.97
(iii) Furniture and fittings	0.88	0.45
(iv) Vehicles	5.87	5.94
(v) Tooling	-	1.38
(vi) Computers	2.38	1.19
	(A) 15.22	11.64
B) Intangible assets		
(i) Computer software		
- Developed	0.90	
- Acquired	0.35	
Technical knowhow		
- Developed	10.09	13.05
- Acquired	6.65	
	(B) 17.99	13.05
C) Amortisation of right to use asset	9.02	7.94
	(A + B+C) 42.23	32.63

2.7 OTHER EXPENSES	Year ended March 31, 2022 Rs. Crores	Year ended March 31, 2021 Rs. Crores
Consumption of stores and tools	2.01	-
Power and fuel	3.28	2.02
Rent	3.37	0.01
Repairs and maintenance		
- Buildings	0.13	-
- Plant and machinery	2.08	0.95
Insurance	4.53	3.38
Rates and taxes, excluding taxes on income	3.51	3.25
Research and development	6.97	-
Service and product warranties	41.79	10.76
Selling and administration expenses - net	75.35	30.98
Annual maintenance contracts	0.01	0.58
Impairment loss allowance / write off on trade receivable (net)	0.47	5.17
	143.50	57.10
Less: Expenses capitalised	(6.46)	-
	137.04	57.10

Note:

Selling and administration expenses include:

- Directors' sitting fees
- Commission to Non Whole-time Directors

* Rent expenses include :

- Variable lease payments

3.37

0.01

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Notes annexed to and forming part of the consolidated Financial Statements

3.1 Income taxes relating to continuing operations

3.1.1 Income tax expense for the year reconciled to the accounting profit:

	Year ended March 31, 2022	Year ended March 31, 2021
	Rs. Crores	Rs. Crores
Profit before tax	(374.90)	(154.96)
Income tax rate		
Income tax expense	-	-
Effects of other timing differences	14.38	-
Income tax expense recognised in profit or loss	14.38	-

No tax charge in 2022-21 due to losses incurred. The deferred tax rate is 19% (for the year 2022-21) and 19% (for the year 2021-20). The deferred tax asset is not recognised in accounts due to uncertainty of future taxable income.

3.1.2 Income taxes relating to continuing operations (continued)

3.1.3 Analysis of deferred tax asset/liabilities:

							Rs. Crores	
March 31, 2022		Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax assets (net)								
Property, plant, and equipment and Intangible Assets		-	14.38	-	-	-	-	14.38
		-	14.38	-	-	-	-	14.38
Deferred tax liabilities (net)								
Property, plant, and equipment and Intangible Assets		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
March 31, 2021		Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax assets (net)								
Property, plant, and equipment and Intangible Assets		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits could be utilised. Such deferred tax assets and liabilities are computed separately for each taxable entity and each taxable jurisdiction.

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3.1.4 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	As at March 31, 2022	Rs. Crores As at March 31, 2021
- Unused tax losses	(1,293.08)	(1,151.34)
	<u>(1,293.08)</u>	<u>(1,151.34)</u>

Notes:

- 1 These will not expire unless there is a change of ownership or nature of trade
- 2 All losses are shown at a gross value. The tax rate applicable in the year end March 2022 was 19%

3.2 Retirement benefit plans

3.2.1 Defined contribution plans

Eligible employees of the group are entitled to receive benefits in respect of a defined contribution retirement plan, in which both employees and the group make monthly contributions at a specified percentage of the covered employees' salary.

The total expense recognised in profit or loss of Rs. 1.93 crores (2020-2021: Rs.3.33 crores) represents contribution paid/ payable to these plans by the Group at rates specified in the plan.

3.2.2 Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at the time of retirement, separation, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined benefit plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up by the Central Government.

Company's liability towards gratuity (funded), provident fund, other retirement benefits and compensated absences are actuarially determined at the end of each reporting period using the projected unit credit method as applicable.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3.2.3 Retirement benefit plans (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Gratuity		
Discount rate	7.36%	
Expected rate of salary increase	5.50%	
Average Longevity at retirement age - past service	4.14	
Average Longevity at retirement age - future service	15.94	
Attrition rate	3.00%	
Compensated Absences		
Discount rate	7.36%	
Expected rate of salary increase	5.50%	
Attrition rate	3.00%	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

3.2.3 Retirement benefit plans (continued)

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Rs in Crores	Rs in Crores
Gratuity		
Current service cost	0.16	-
Net interest expense	0.07	-
Components of defined benefit costs recognised in profit or loss (A)	0.23	-
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	0.48	-
Actuarial (gain)/loss arising from experience adjustments	-	-
Actuarial (gain)/loss on plan assets	0.01	-
Components of defined benefit costs recognised in other comprehensive income (B)	0.49	-
Total (A+B)	0.72	-

The current service cost and the net interest expense for the year are included in "Contribution to provident and other funds" and "Salaries and wages" under employee benefits expense' in profit or loss [Refer Note 2.3].

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	As at	As at
	March 31, 2022	March 31, 2021
	Rs in Crores	Rs in Crores
Gratuity		
Present value of defined benefit obligation	1.64	-
Fair value of plan assets	1.96	-
Net (liability) arising from defined benefit obligation	0.32	-
Funded	0.32	-
Unfunded	-	-
Net (liability) arising from defined benefit obligation	0.32	-

Funded gratuity is reflected in 'Accrued gratuity' under other current liabilities / Gratuity asset under other current assets, unfunded gratuity and compensated absences is reflected in 'Others including post retirement benefits' under provisions. [Refer Notes 1.17, 1.22, 1.29 and 1.30]

3.2.3 Retirement benefit plans (continued)

Movements in the present value of the defined benefit obligation in the current year were as follows:

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Rs in Crores	Rs in Crores
Gratuity		
Opening defined benefit obligation	0.99	-
Addition pursuant to business combination	-	-
Current service cost	0.16	-
Interest cost	0.07	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	0.48	-
Actuarial (gain)/loss arising from experience adjustments	-	-
Benefits paid	(0.06)	-
Closing defined benefit obligation	1.64	-

Movements in the fair value of plan assets were as follows:

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Rs in Crores	Rs in Crores
Gratuity		
Opening fair value of plan assets	1.84	-
Addition pursuant to business combination	-	-
Interest on plan assets	-	-
Remeasurements due to actual return on plan assets less interest on plan assets	(0.01)	-
Contributions	0.19	-
Benefits paid	(0.06)	-
Closing fair value of plan assets	1.96	-

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

	As at March 31, 2022	As at March 31, 2021
	Rs in Crores	Rs in Crores
Compensated Absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	0.02	-
increase by	0.08	-
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	0.08	-
decrease by	0.02	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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3.3 Earnings per share	Year ended March 31, 2022 Rs.	Year ended March 31, 2021 Rs.
Basic earnings per share	(0.04)	(0.02)
Diluted earnings per share	(0.04)	(0.02)
Face value per share		

3.3.1 Basic earnings per share

	Year ended March 31, 2022 Rs. Crores	Year ended March 31, 2021 Rs. Crores
Profit for the year attributable to equity shareholders	(360.52)	(154.96)

	Year ended March 31, 2022 Nos.	Year ended March 31, 2021 Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	96,210,291,827	81,750,017,854

3.3.2 Diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:

	Year ended March 31, 2022 Rs. Crores	Year ended March 31, 2021 Rs. Crores
Profit for the year attributable to equity shareholders	(360.52)	(154.96)

	Year ended March 31, 2022 Nos.	Year ended March 31, 2021 Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	96,210,291,827	81,750,017,854

Adjustments :

Dilutive effect - Number of shares relating to employee stock options

Weighted average number of equity shares used in the calculation of diluted earnings per share

96,210,291,827	81,750,017,854
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Optare PLC

Notes annexed to and forming part of the consolidated Financial Statements

3.4 Leases

Maturity Analysis of future lease payments

Particulars	Year ended	Year ended March
	March 31, 2022	31, 2021
	Rs in Crores	Rs in Crores
(a) Not later than 1 year	9.23	9.66
(b) Later than 1 year and not later than 5 years	45.25	33.68
(c) Later than 5 years	3.68	15.88

The Group has applied following practical expedients for the purpose of lease on initial recognition :

- 1) Single discount rate has been applied for leases with same characteristics
- 2) Non - lease component which are difficult to be separate from the lease components are taken as the part of lease calculation
- 3) Initial direct cost is excluded from the measurement of right to use at the date of initial application
- 4) Short term leases i.e. leases having lease term of 12 month or less have been ignored for purpose of calculation of right to use asset

3.5 Financial Instruments

3.5.1 Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

	March 31, 2022	March 31, 2021
Debt (long-term and short-term borrowings including current maturities)	601.01	403.79
Total Equity	(315.89)	1.19
Debt equity ratio	(1.90)	339.32

The Group is required to comply with certain covenants under the Facility Agreements executed for its borrowings, which is monitored for compliance.

3.5.2 Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

3.5 Financial Instruments continued...

(1) Foreign currency:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations.

Transactions entered into in a currency other than the currency of the group are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

As on March 31, 2022 (all amounts are in equivalent Rs. in Crores):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	6.99		6.99			-	(6.99)
EUR	15.13		15.13	0.01		0.01	(15.12)
GBP						-	-
JPY	1.35		1.35			-	(1.35)
Others	0.71		0.71			-	(0.71)

As on March 31, 2021 (all amounts are in equivalent Rs. in Crores):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	0.65		0.65	0.53		0.53	(0.12)
EUR	34.08		34.08	1.13		1.13	(32.95)
GBP						-	-
JPY						-	-
Others	0.16		0.16	0.06		0.06	(0.10)

3.5 Financial Instruments continued...

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unsettled monetary assets and liabilities. The following table details the Group's sensitivity movement in the increase / decrease in foreign currencies exposures (net):

	Rs Crores	
	USD impact	
	March 31, 2022	March 31, 2021
Profit or loss	0.14	-
Equity	-	-
	EUR impact	
	March 31, 2022	March 31, 2021
Profit or loss	0.30	0.66
Equity	-	-
	JPY impact	
	March 31, 2022	March 31, 2021
Profit or loss	0.03	-
Equity	-	-
	Impact of other currencies	
	March 31, 2022	March 31, 2021
Profit or loss	0.01	-
Equity	-	-

3.5 Financial Instruments continued...**(2) Interest rate risk management:**

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The Group does not interest swaps.

The exposure of Groups borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2022 Rs.crores	March 31, 2021 Rs.crores
Variable rate Borrowings	543.40	348.60
Fixed rate Borrowings *	-	-
	543.40	348.60

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/ lower, the Group's profit for the year ended March 31, 2022 would decrease/ increase by Rs. 0.94 crores (2020-21: decrease/ increase by Rs. 0.91 crores).

This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken no foreign currency and interest rate swap (FCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings.

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3.5 Financial Instruments continued...

(A) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Group's investments exposes the Group to equity price risks. In general, these securities are not held for trading purposes.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group operates predominantly within agreed credit terms which will vary dependent on type of sale and customer risk assessment. The standard credit terms for part sales are 30-45 days. Commercial vehicle sales have credit terms agreed on a contract by contract basis. Often payment is with delivery.

The Group does have significant credit risk exposure at 31st March 2022 to Swaidan Trading Co. LLC

The Group makes an allowance for doubtful debts based on the previous three years loss rate. There is also a specific provision made for Swaidan Trading Co. LLC.

Age analysis of Trade receivables

	As at March 31, 2022			As at March 31, 2021		
	Gross	Rs.crores Allowance	Net	Gross	Rs.crores Allowance	Net
Not Due	-	-	-	32.98	-	32.98
Due less than 6 months	30.97	17.28	13.69	3.66	1.23	2.43
Due greater than 6 months	3.48	2.98	0.50	99.58	16.91	82.67
	34.45	20.26	14.19	136.22	18.14	118.08

3.5 Financial Instruments continued...

(C) Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2022	March 31, 2021
	Rs.crores	Rs.crores
- Secured	10.00	
- Unsecured	0.40	102.85
Total	10.40	102.85

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Rs.crores Total
March 31, 2022				
Trade payables	165.38			165.38
Other financial liabilities	289.33			289.33
Borrowings	543.40			543.40
Lease liabilities	9.23	45.25	3.68	58.15
	1,007.34	45.25	3.68	1,056.26
March 31, 2021				
Trade payables	55.79			55.79
Other financial liabilities	22.36			22.36
Borrowings	348.60			348.60
Lease liabilities	9.66	33.68	15.88	59.22
	436.41	33.68	15.88	485.97

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3.5 Financial Instruments

3.5.3 Categories of Financial assets and liabilities:

	As at March 31, 2022	Rs.crores As at March 31, 2021
Financial assets		
<u>a. Measured at amortised cost:</u>		
Cash and cash equivalents	145.62	86.15
Trade Receivables	14.19	118.08
Others	33.72	
Financial liabilities		
<u>a. Measured at amortised cost:</u>		
Borrowings	543.40	348.60
Trade Payables	165.38	55.79
Other financial liabilities	289.33	20.85
Lease Liabilities	57.61	55.19

The carrying value of financial assets and liabilities are approximate fair value

3.6 Revenue from contracts with customers:

3.6.1 Disaggregated revenue Information

Particulars	March 31, 2022	March 31, 2021
	Rs.crores	Rs.crores
Type of goods and service		
a) Sale of products		
- Commercial vehicles	173.51	229.18
- Spare parts and others	54.99	41.14
	<u>228.50</u>	<u>270.32</u>
b) Sale of services		
- Others	16.48	20.57
	<u>16.48</u>	<u>20.57</u>
c) Other operating revenues		
- Scrap sales	0.11	
- Others	0.05	-
	<u>0.16</u>	<u>-</u>
Less: Rebates and discounts	(1.28)	(1.53)
Total revenue from contract with customers	<u>243.86</u>	<u>289.36</u>
India	-	-
Outside India	243.86	
Total revenue from contract with customers	<u>243.86</u>	

Particulars	March 31, 2022		March 31, 2021	
	At a point in time	Over a period of time	At a point in time	Over a period of time
- Sale of products and other operating income	228.66		270.32	
- Sale of Services - AMC, Warranty services and others	4.88	11.60	5.40	15.17
Less: Rebates and discounts	(1.28)		(1.53)	
Total revenue from contract with customers	<u>232.26</u>	<u>11.60</u>	<u>274.19</u>	<u>15.17</u>

3.6.2 Customer Concentration

The Group operates one business segment – the internal design and subsequent sale of single and double deck buses and parts.

No separate revenues are generated from design activities

Non-EU revenue relates, in the main, to sales in the Middle East and a distributor in Australia.

Customers constituting more than 10% of revenue : Tower Transit Operations Ltd, Translink, First West Yorkshire Ltd

3.6.3 Customer Geographical Analysis

	March 31, 2022	March 31, 2021
	Rs.crores	Rs.crores
UK	236.82	277.77
Other European	0.38	1.10
Non-EU	6.67	10.49
Total Revenue	<u>243.86</u>	<u>289.36</u>

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3.6.4 Contract balances

	March 31, 2022	March 31, 2021
	Rs.crores	Rs.crores
Trade receivables (Refer note 1.12)	14.19	118.08
Unbilled revenue (Refer note 1.13)	2.62	-
Contract liabilities (Refer note 1.27)	66.24	1.51

Trade receivables are non - interest bearing and are generally on terms of 30 to 45 days for part sales. Commercial vehicle sales have credit terms agreed on a contract by contract basis. Often payment is with delivery.

Contract liabilities include income received in advance arising from allocation of revenue against obligations under service contracts and deposits for commercial vehicles. The decrease in contract liability is due to decrease in volumes/revenue.

3.6.5 Revenue recognised in relation to contract liabilities

	March 31, 2022	March 31, 2021
	Rs.crores	Rs.crores
Revenue recognised from contract liabilities at the beginning of the year	1.51	50.7

3.6.6 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	March 31, 2022	March 31, 2021
	Rs.crores	Rs.crores
Contracted price	244.98	290.89
Adjustments		
Rebates and discounts	(1.28)	(1.53)
Revenue from contract with customers	243.70	289.36

3.7 Related party disclosure

a) List of parties where control exists

Ultimate Holding company

Hinduja Automotive Limited, United Kingdom

Holding Company

Ashok Leyland Limited

b) Other related parties

Fellow subsidiaries

Hinduja Tech Ltd
Ashok Leyland (UAE) LLC
Ashok Leyland (UAE) LLP
HTL
VBCL
GTVS
HLF Service

Subsidiaries

Switch Mobility Limited
Switch Mobility Automotive Limited
Switch Mobility Europe S.L
Optare Australia PTY Limited

c) List of key staff

Key Management Personnel

Mr. Mahesh Babu Subramanian, CEO & Director
Mr. Hariharan Krishnamurthi, Director

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3.7 Related party disclosure continued...
d) Related Party balances - summary

Rs.crores

	Fellow Subsidiaries		Subsidiaries		Associates		Joint Ventures		Holding Company		Ultimate Holding Company		Key Management Personnel		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Balances as on March 31																
Trade receivables															5.99	0.19
Payable slump sale										265.92					265.92	-
Interest payable on Slump Sale										11.90					11.90	
Consideration outstanding																
Loans																
Trade and other payables	2.51	0.02							8.77	-0.02		0.87			11.28	0.87

3.7 Related party disclosure continued...

e) Significant Related Party Transactions

Transactions during the year ended March 31	Rs.crores	
	2022	2021
Sales and services (net of excise duties/GST)		
Ashok Leyland Limited	5.76	-
Other expenditure incurred / (recovered) (net)		
Ashok Leyland Limited	9.90	0.24
Ashok Leyland (UAE) LLP	2.39	0.02
Hinduja Automotive Limited, United Kingdom	-	-
Hinduja Tech Limited	4.38	0.28
Interest paid		
Hinduja Automotive Limited, United Kingdom	0.01	1.77
Ashok Leyland Limited	11.90	-
Allotment of shares to		
Ashok Leyland Limited	-	150.39
Hinduja Automotive Limited, United Kingdom	-	73.97
Acquisition of Asset on Slump Sale		
Ashok Leyland Limited	265.92	-
Loans taken from		
Hinduja Automotive Limited, United Kingdom	0.36	50.38
Loans repaid to		
Hinduja Automotive Limited, United Kingdom	0.36	75.56

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3.8 Details of current borrowings

Unsecured borrowings	As at March 31, 2022 Rs. Crores	Particulars of Repayment	As at March 31, 2021 Rs. Crores
	244.66	Citibank RTA Working Capital Loan Maturity date Mar 1, 2023	247.85
	249.01	HDFC Working Capital Utilisation Maturity date Dec 31, 2022	-
	-	ICICI Bank Overdraft Utilisation Repaid	50.37
	19.89	Citibank Short Term Loan Maturity date Mar 6, 2023	30.23
	513.56		20.15
			348.60

The above loans carry varying rates of interest with the maximum rate of interest going up to 3.30% (as at March 31, 2021: 3.64%) per annum. The weighted average rate of interest of these loans is around 2.53% (2020-21: 2.13%) per annum.

Interest-bearing bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemptions, are recognised in the income statement over the term of the instrument using an effective interest rate

3.10.1 Information relating to subsidiaries

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			As at March 31, 2022	As at March 31, 2021
Optara UK Limited	Supplying kits of passenger vehicles	UK	100.00%	100.00%
Switch Mobility Limited	Manufacturer of passenger vehicles	UK	98.89%	100.00%
Switch Mobility Automotive Limited	Manufacturer of passenger vehicles	IND	98.89%	0.00%
Switch Mobility Europe S.L	Manufacturer of passenger vehicles	SPN	98.89%	0.00%
Optare Australia PTY Limited	Dormant	AUS	98.89%	100.00%

3.10.2 Information relating to subsidiaries

Goodwill	As at March 31, 2022	As at March 31, 2021
	Rs. Crores	Rs. Crores
Gross Goodwill at the beginning of the year	87.65	81.35
Exchange	(1.12)	6.30
Recognised during the year	-	-
Gross Goodwill at the end of the year	86.53	87.65
Opening accumulated impairment	87.65	81.35
Exchange	(1.12)	6.30
Impairment during the year	-	-
Closing accumulated impairment	86.53	87.65
Carrying amount of Goodwill	-	-

Goodwill arose on the 2008 purchase of Jameslan Investments Limited. The Directors consider there is only one cash-generating unit ("CGU"), being the whole group.

The Directors carried out an impairment review of the goodwill and the net investments in subsidiaries, using the same forecasts and assumptions used in the going concern review. Based on this review, the Directors concluded in 2018 full impairment of goodwill was required. No change has been made in the current year.

Information relating to subsidiaries (Continued)

Details of non wholly-owned subsidiaries that have material non-controlling interests:

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
Switch Mobility Limited	Leeds, UK	1.11%	-	2.58	-	(1.67)	-
		1.11%	-	(2.58)	-	(1.67)	-

No material non-controlling interest.

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3.11 Contingent liabilities

As at March 31, 2022	As at March 31, 2021
Rs.crores	Rs.crores
-	-

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3.12 Commitments

	As at March 31, 2022	As at March 31, 2021
	Rs.crores	Rs.crores
a)		
Capital commitments (net of advances) not provided for	-	-

3.13 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

Particulars	Rs. Crores	
	March 2022	March 2021
i) Principal amount paid after appointed date during the year	-	-
ii) Amount of interest due and payable for the delayed payment of Principal amount	-	-
iii) Principal amount remaining unpaid as at year end (over due)	-	-
iv) Principal amount remaining unpaid as at year end (not due)	-	-
v) Interest due and payable on principal amount unpaid as at the year end	-	-
vi) Total amount of interest accrued and unpaid as at year end	-	-
vii) Further interest remaining due and payable for earlier years	-	-

3.14 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the certain provisions of the Code will come into effect and the rules thereunder has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

3.15 The figures for the previous year have been reclassified/ reCompanyed wherever necessary for better understanding and comparability.

The company have the transactions with struck off companies during the year which are listed below. The company has not given / received any loans, advances or investment in any company for onward lending or

3.16 Investment through intermediary. There are no benami properties held by the Company. The company has complied with the number of layers prescribed under the Companies Act. The Company does not have undisclosed income. The company does not deal with virtual currency.

Company Name	CIN	R. Crores			
		Opening Balance	Transaction	Payment	Closing balance
SHREEJI CARRIERS PRIVATE LIMITED	U63090TN1992PTC023739	-	-0.00	0.00	-
M.R.K. ENTERPRISES PRIVATE LIMITED	U51102MH2000PTC127266	-	-0.00	-	-0.00
SAIRAM ENTERPRISES PVT. LTD	U65991TN1992PTC023937	-	-0.17	0.17	-
SRI GURU ENGINEERING WORKS PVT LTD	U28991WB1969PTC027554	-	-0.01	0.01	-
MODERN SALES PVT LTD	U51909WB1996PTC080010	-	-	0.02	0.02
UGAM TECHNOLOGIES PRIVATE LIMITED	U72200GJ2006PTC048790	-	-0.00	0.00	-
SKY INNOVATIONS PRIVATE LIMITED	U51909MH2012PTC238743	-	-0.00	0.00	-
UNIQUE TECHNOLOGIES LIMITED	U74210DL1986PLC026006	-	-0.01	0.01	-
		-	-0.20	0.22	0.01

3.17 The electric vehicle business of M/s. Ashok Lyeland Limited was acquired by M/s. Switch Mobility Automotive Limited through slump sale.

The independent valuation of the business was done by the independent valuer (E&Y) as of 01.10.2021 and the consideration of Rs.240 Cr was determined and the same

was approved by the Board of Switch as well as AL vide Board meeting dated 12.11.2021

The necessary BTA was executed into between both the entities on 22nd November 2021

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	Year ended March 31, 2022 Rs. Crores	Year ended March 31, 2021 Rs. Crores
3.18 Other Information (including foreign currency transactions)		
3.18.1 Auditors' remuneration		
Included under selling and administration expenses - net		
i) For financial audit	2.29	0.50
ii) For other services - limited review, certification work, etc.	-	-
iii) For reimbursement of expenses	-	-
3.18.2 Total research and development costs charged to the Statement of Profit and Loss	6.97	-

3.19 Business Combinations

ACCOUNTING NOTE ON ACQUISITION OF EV BUSINESS IN SWITCH INDIA

- Switch Mobility Automotive Limited (Switch India) is a step down subsidiary of Ashok Leyland from June 2021.
- Consequently, any transaction between AL and Switch India is treated as COMMON CONTROL transaction under IND AS principles.
- AL and Switch India signed business transfer agreement wherein EV business of AL was transferred to Switch India effective from October 1, 2021 for a consideration of Rs 240.20 crores plus additional consideration towards working capital, etc till the transaction gets closed. Hence this needs to be accounted as common control transaction.
- Under IND AS, in case of common control transactions, Switch India should follow "Pooling of interest Method" provided under Appendix C of Ind AS 103, 'Business Combinations' notified under Section 133 of the Companies Act, 2013 which involves the following:
 - a. The assets and liabilities including reserves as it appears in AL financials on the date of transfer shall be recorded in Switch India financials line by line. No goodwill be recorded in this method of accounting.
 - b. Accounting policies of AL will be applied for Switch India on the date of transfer and impact of such policies if any, will be adjusted to reserves. There is no impact of differential accounting policies.
 - c. The difference between capital employed and consideration shall be taken to capital reserve.
 - d. No adjustments are made to reflect fair values, or recognise any new assets or liabilities.

Books of Switch India -- Acquisition of EV business

Liabilities	Rs Cr	Assets	Rs Cr
Capital employed	144	Property, plant & equipment	9
Consideration payable	240	Intangible assets	115
Capital reserve	-96	Inventory	41
Payable on slump sale	240	Other assets	1
Trade payable	20		
Other liabilities	2		
Total	166	Total	166

Additional consideration towards profit transferred, working capital and interest will be accounted as a separate transaction.