

Optare PLC
Consolidated balance sheet as at March 31, 2020

Particulars	Note No.	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	36.74	33.89
Other Intangible assets	1.2	54.79	64.13
Right To use Asset	1.3	46.29	-
		137.82	98.02
Current assets			
Inventories	1.4	147.90	156.97
Financial Assets			
Trade receivables	1.5	153.49	25.03
Cash and cash equivalents	1.6	21.85	24.77
Other current assets	1.7	32.10	65.45
		355.34	272.22
TOTAL ASSETS		493.16	370.24
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.8	675.01	574.59
Other equity	1.9	(737.34)	(594.79)
		(62.33)	(20.20)
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities		49.14	-
(ii) Other financial liabilities	1.10	0.11	0.15
Provisions	1.11	26.42	24.53
		75.67	24.68
Current liabilities			
Financial liabilities			
(i) Borrowings	1.12	365.59	176.51
(ii) Trade payables	1.13	69.24	101.02
(iii) Lease Liabilities		6.87	-
(iv) Other financial liabilities	1.14	22.26	70.48
Provisions	1.15	15.86	17.75
Current tax liabilities (net)			
		479.82	365.76
TOTAL EQUITY AND LIABILITIES		493.16	370.24

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

Optare PLC
Consolidated statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No.	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
Income			
Revenue from operations	2.1	333.51	449.89
Other income	2.2	2.71	-
Total Income		336.22	449.89
Expenses			
Cost of materials and services consumed		208.19	259.53
Purchases of stock-in-trade		34.49	35.77
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.3	8.09	4.15
Employee benefits expense	2.4	135.56	128.17
Finance costs	2.5	7.61	3.26
Depreciation and amortisation expense	2.6	33.13	21.68
Other expenses	2.7	47.38	82.67
Total Expenses		474.45	535.23
Net Profit / (Loss) for the year		(138.23)	(85.34)
Other Comprehensive Income			
- Translation difference		(1.27)	(1.02)
Total Other Comprehensive Income		(1.27)	(1.02)
Total Comprehensive Income for the year		(139.50)	(86.36)
Earnings per share (Face value Re.1 each) -			
-Basic (in Rs.)		(0.02)	(0.01)
-Diluted (in Rs.)		(0.02)	(0.01)

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

Optare PLC
 Consolidated statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

Rs. Crores				
Balance at the beginning of April 1, 2018	Changes in equity share capital during the year	Balance at the end of March 31, 2019	Changes in equity share capital during the year	Balance at the end of March 31, 2020
555.67	18.92	574.59	100.42	675.01

B. Other Equity

Particulars	Rs. Crores		
	Reserves and Surplus		
	Foreign currency translation reserve	Retained Earnings	Total
Balance at the beginning of April 1, 2018	(5.18)	(503.25)	(508.43)
Profit / OCI for the year	(1.03)	(85.33)	(86.36)
Total Comprehensive Income for the year	(1.03)	(85.33)	(86.36)
Balance at the end of March 31, 2019	(6.21)	(588.58)	(594.79)
Transition adjustment on account of adoption of Ind AS 116		(3.05)	(3.05)
Profit / OCI for the year	(1.27)	(138.23)	(139.50)
Total Comprehensive Income for the year	(1.27)	(138.23)	(139.50)
Balance at the end of March 31, 2020	(7.48)	(729.86)	(737.34)

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

Optare PLC
Consolidated statement of Cash flows for the period ended March 31, 2020

Particulars	March 31, 2020 Rs. Crores	March 31, 2019 Rs. Crores
Cash flow from operating activities		
Profit for the year	(138.23)	(85.34)
Adjustments for :		
Depreciation, amortisation and impairment	26.86	21.68
Amortisation of right to use asset	6.27	-
Right to use asset prior year reserves adjustment	(3.05)	-
Foreign exchange loss/ (gain)	(1.28)	2.36
Finance costs	7.61	3.26
Payments of Lease Liability	7.20	-
Cashflow translation difference (average rate P&L vs closing rate BS)	(3.23)	(9.42)
Operating profit before working capital changes	(97.85)	(67.47)
Adjustments for changes in :		
Trade receivables	(128.46)	(8.89)
Inventories	9.07	2.58
Other non-current and current assets	33.35	(36.07)
Trade payables	(31.78)	-
Non-current and current financial liabilities	5.57	-
Other non-current and current provisions	-	71.70
Net cash (used in)/ from operating activities	[A] (210.10)	(38.16)
Cash flow from investing activities		
Purchase of PPE, intangible assets & right to use assets	(69.69)	(16.81)
Net cash from/ (used in) investing activities	[B] (69.69)	(16.81)
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	100.42	18.92
Proceeds from non-current borrowings	-	0.35
Repayments of non-current borrowings	-	161.11
Proceeds from current borrowings	165.71	(99.57)
Proceeds from loans received from related parties	74.80	-
Repayment of loans from related parties	(51.43)	-
Payments of Lease Liability	(7.20)	-
Interest paid	(5.43)	(3.26)
Net cash (used in) financing activities	[C] 276.87	77.55
Net cash Inflow / (Outflow)	[A+B+C] (2.92)	22.58
Opening cash and cash equivalents	24.77	2.19
Closing cash and cash equivalents [Refer Note 1.6 to the standalone financial statements]	21.85	24.77

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

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Rs. Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
	01.04.2019	Additions / Adjustments	Exchange	31.03.2020	Upto 31.03.2019	Charge during the year	Exchange	Upto 31.03.2020	Upto 31.03.2020
Plant and equipment	26.86	5.10	0.88	32.84	15.01	4.29	0.49	19.79	13.05
Furniture and fittings	4.07	0.14	0.14	4.35	0.36	0.43	0.01	0.80	3.55
Vehicles	31.35	6.31	1.03	38.69	13.02	5.10	0.43	18.55	20.14
TOTAL	62.28	11.55	2.05	75.88	28.39	9.82	0.93	39.14	36.74

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS CARRYING AMOUNT (COST)			DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT
	01.04.2018	Additions / Adjustments	31.03.2019	Upto 31.03.2018	Charge during the year	Disposals	Adjustments	Upto 31.03.2019	Upto 31.03.2019
Plant and equipment	25.85	1.01	26.86	11.78	3.74		0.51	15.01	11.85
Furniture and fittings	1.63	2.44	4.07	0.14	0.23		0.01	0.36	3.71
Vehicles	23.32	8.03	31.35	9.30	4.12		0.40	13.02	18.33
TOTAL	50.80	11.48	62.28	21.22	8.09	-	0.92	28.39	33.89

Rs. Crores

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				Rs. Crores
	01.04.2019	Additions / Adjustment	Exchange	31.03.2020	Upto 31.03.2019	Charge during the year	Exchange	Upto 31.03.2020	NET CARRYING AMOUNT 31.03.2020
Intangible assets									
Others Technical knowhow - Developed	108.48	5.58	3.58	117.64	44.35	17.04	1.46	62.85	54.79
TOTAL	108.48	5.58	3.58	117.64	44.35	17.04	1.46	62.85	54.79

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST)			DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
	01.04.2018	Additions / Adjustment	31.03.2019	Upto 31.03.2018	Charge during the year	Adjustments	Upto 31.03.2019	31.03.2019
Intangible assets								
Others								
Technical knowhow - Developed	103.36	5.12	108.48	35.14	13.59	4.38	44.35	64.13
TOTAL	103.36	5.12	108.48	35.14	13.59	4.38	44.35	64.13

Rs. Crores

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

1.3 Right of use asset

Description	Gross carrying amount				Depreciation/Amortisation		Net Carrying Amount
	01.04.2019	Pre-Closure	Exchange	31.03.2020	Charge during the year	31.03.2020	31.03.2020
Land and Buildings	54.69	- 0.64	- 1.49	52.56	6.27	6.27	46.29
Total				52.56		6.27	46.29

1.4 INVENTORIES	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
(a) Raw materials and components	61.15	57.02
(b) Work-in-progress	66.97	66.65
(c) Finished goods	9.31	15.32
(d) Stores, spares and consumable tools	10.47	17.98
	147.90	156.97

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

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.5 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Unsecured)		
Considered good		
Related parties	0.18	0.55
Others	153.31	24.48
	153.49	25.03
Significant increase in credit risk		
Others	21.18	0.84
	21.18	0.84
Less: Loss allowance	21.18	0.84
	153.49	25.03

Notes :

1. Movement in loss allowance is as follows:

Particulars	March 2020	March 2019
Opening	0.84	0.92
Add: Additions/Transfers	24.26	
Less: Utilisations / Reversals	3.92	0.08
Closing	21.18	0.84

2. These are carried at amortised cost.

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

		As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.6	A. CASH AND CASH EQUIVALENTS		
	i) Balance with banks:		
	a) In current accounts	21.80	24.75
	ii) Cash and stamps on hand	0.05	0.02
		21.85	24.77

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.7 OTHER CURRENT ASSETS (Unsecured, considered good unless otherwise stated)		
a) Supplier advances Considered good	18.95	55.91
(b) Others*	13.15	9.54
	32.10	65.45

* Includes:

- Prepaid expenses

13.15

9.54

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.8 EQUITY SHARE CAPITAL		
Issued, Subscribed and fully paid up		
73,460,291,827 Equity Shares	675.01	574.59
	675.01	574.59

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.9 OTHER EQUITY		
Foreign Currency Translation Difference	(7.48)	(6.21)
Retained Earnings	(729.86)	(588.58)
	(737.34)	(594.79)

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.10 NON-CURRENT - OTHER FINANCIAL LIABILITIES		
Others	0.11	0.15
	0.11	0.15

Note:

These are carried at amortised cost.

1.11 NON-CURRENT PROVISIONS	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
Others		
i. Product warranties	26.42	24.53
	26.42	24.53

Note:

Movement in Provision for product warranties is as follows :

Particulars	March 2020	March 2019
Opening	24.53	13.94
Add: Additions (net of utilisations)	1.89	10.58
Closing	26.42	24.53

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

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.12 CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Unsecured borrowings		
Short term loans from banks	342.21	176.51
Loans from related parties	23.38	-
	365.59	176.51

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.13 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		
Trade payables	69.24	101.02
	69.24	101.02

Note:

These are carried at amortised cost.

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.14 CURRENT - OTHER FINANCIAL LIABILITIES		
a) Current maturities of long-term debts -long-term debts	-	18.10
b) Interest accrued but not due on borrowings	2.18	-
c) Employee benefits	0.42	0.47
d) Others	19.66	51.91
	22.26	70.48

1.15 CURRENT PROVISIONS	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
Others		
i. Product warranties	15.86	17.75
	15.86	17.75

Notes:

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

Particulars	March 2020	March 2019
Opening	17.75	16.97
Add: Additions (net of utilisations)	(1.89)	0.78
Closing	15.86	17.75

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

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

2.1 REVENUE FROM OPERATIONS

a) Sale of products

- Commercial vehicles

Manufactured

- Spare parts and others

(A)

b) Sale of services

(B)**(A+B)**

Less: Rebates and discounts

	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
	286.32	372.47
	45.16	51.67
	331.48	424.14
	22.59	25.82
	354.07	449.96
	20.56	0.07
	333.51	449.89

Optare PLC

Notes annexed to and forming part of the consolidated financial statements

2.2 OTHER INCOME

Others

Year ended March 31, 2020	Year ended March 31, 2019
Rs. Crores	Rs. Crores
2.71	-
2.71	-

2.3 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
Changes in inventories		
- Finished goods and stock-in-trade	6.28	4.15
- Work-in-progress	1.81	-
Net change	8.09	4.15

2.4 EMPLOYEE BENEFITS EXPENSE

a) Salaries and wages

b) Contribution to provident and other funds

Year ended March 31, 2020	Year ended March 31, 2019
Rs. Crores	Rs. Crores
132.50	126.09
3.06	2.08
135.56	128.17

2.5 FINANCE COSTS

	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
a) Interest expense and other borrowing costs	6.58	3.26
b) Interest on leases	1.03	-
	7.61	3.26

2.6 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
A) Property, plant and equipment		
(i) Plant and equipment	4.29	3.74
(ii) Furniture and fittings	0.43	0.23
(iii) Vehicles	5.10	4.12
	(A) 9.82	8.09
B) Intangible assets		
Technical knowhow - Developed	17.04	13.59
	(B) 17.04	13.59
C) Amortisation of right to use asset	6.27	-
	(A + B+C) 33.13	21.68

2.7 OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
	Rs. Crores	Rs. Crores
Power and fuel	2.07	2.25
Rent	3.35	11.14
Repairs and maintenance		
- Buildings	0.18	0.23
- Plant and machinery	0.97	0.77
Insurance	3.78	3.47
Service and product warranties	12.77	23.43
Selling and administration expenses - net	18.99	38.46
Annual maintenance contracts	0.71	0.54
Impairment loss allowance / write off on trade receivable (net)	4.56	2.38
	47.38	82.67

Optare PLC

Notes annexed to and forming part of the consolidated Financial Statements

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

	As at March 31, 2020	Rs. Crores As at March 31, 2019
- Unused tax losses	(938.44)	(587.73)
	(938.44)	(587.73)

Notes:

1 These will not expire unless there is a change of ownership or nature of trade

3.2 Retirement benefit plans

Defined contribution plans

Eligible employees of the group are entitled to receive benefits in respect of provident fund, a defined contribution 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. 3.06 crores (2018-2019: Rs.2.08 crores) represents contribution paid/payable to these plans by the Company at rates specified in the plan.

Optare PLC**Notes annexed to and forming part of the consolidated Financial Statements****3.3 Earnings per share**

	Year ended March 31, 2020` Rs.	Year ended March 31, 2019 Rs.
Basic earnings per share	(0.02)	(0.01)
Diluted earnings per share	(0.02)	(0.01)

3.3.1 Basic earnings per share

	Year ended March 31, 2020` Rs. Crores	Year ended March 31, 2019 Rs. Crores
Profit for the year attributable to equity shareholders	(138.23)	(85.34)

	Year ended March 31, 2020` Nos.	Year ended March 31, 2019 Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	65,971,220,789	61,960,291,827

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, 2020` Rs. Crores	Year ended March 31, 2019 Rs. Crores
Profit for the year attributable to equity shareholders	(138.23)	(85.34)

	Year ended March 31, 2020` Nos.	Year ended March 31, 2019 Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	65,971,220,789	61,960,291,827

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

65,971,220,789	61,960,291,827
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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	As at March 31,	As at March 31,
	2020	2019
	Rs in Crores	Rs in Crores
(a) Not later than 1 year	7.84	9.14
(b) Later than 1 year and not later than 5 years	30.22	29.80
(c) Later than 5 years	22.20	28.90

Details of rental payment for contracts for which exemption is availed under IND AS 116 on account of the following

Particulars	Year ended
	March 31, 2020
	Rs in Crores
Lease period being less than 12 months	3.35
Variable lease payments	

Note:

Effective 01st April, 2019, the Company has adopted IND-AS 116 : "Lease" and applied to all the Lease Contracts existing on 01st April, 2019, using the Modified Retrospective Method and undertaken the cumulative adjustment to Retained Earnings, on the date of initial application. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted. Given below the impact upon adoption on the transition date

Lease liability Movement:

Total Opening Lease Liability Recognised under Ind As 116	63.13
Less: Lease liability reversed/paid off during the year	7.12
Closing :Lease liability	56.01

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

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, 2020	March 31, 2019
Debt (long-term and short-term borrowings including current maturities)	423.78	195.08
Total Equity	(62.33)	(20.20)
Debt equity ratio	(6.80)	(9.66)

The Group is required to comply with certain covenants under the Facility Agreements executed for its

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, 2020 (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	6.43		6.43	1.39		1.39	(5.04)
EUR	9.49		9.49	14.55		14.55	5.06
Others	0.42		0.42	0.09		0.09	(0.33)

As on March 31, 2019 (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	1.63		1.63	0.01		0.01	(1.62)
EUR	0.67		0.67	0.24		0.24	(0.43)
Others	0.02		0.02			-	(0.02)

Optare PLC**Notes annexed to and forming part of the consolidated Financial Statements****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, 2020	March 31, 2019
Profit or loss	0.10	0.03
Equity	0.10	0.03

	EUR impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.10	0.02
Equity	0.10	0.02

	Impact of other currencies	
	March 31, 2020	March 31, 2019
Profit or loss	0.01	0.00
Equity	0.01	0.00

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, 2020	March 31, 2019
	Rs.crores	Rs.crores
Variable rate Borrowings	365.59	176.51
Fixed rate Borrowings *	-	18.57
	365.59	195.08

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, 2020 would decrease/ increase by Rs. 0.91 crores (2018-19: decrease/ increase by Rs. 0.44 crores).

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

3.5 Financial Instruments continued...**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 2020 to the following parties Swaidan Trading Co. LLC & Metroline Travel Ltd.

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

Age analysis of Trade receivables

	As at March 31, 2020			As at March 31, 2019		
	Rs.crores			Rs.crores		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	74.57		74.57	16.47	-	16.47
Due less than 6 months	57.30	16.44	40.86	7.03	0.47	6.56
Due greater than 6 months	42.80	4.74	38.06	2.37	0.37	2.00
	174.67	21.18	153.49	25.87	0.84	25.03

3.5 Financial Instruments continued...

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, 2020	March 31, 2019
	Rs.crores	Rs.crores
- Unsecured	102.85	9.96
Total	102.85	9.96

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, 2020				
Trade payables	69.24			69.24
Other financial liabilities	22.26	0.11		22.37
Borrowings	365.59			365.59
Lease liabilities	7.84	30.22	22.20	60.26
	464.93	30.33	22.20	517.46
March 31, 2019				
Trade payables	101.02			101.02
Other financial liabilities	18.57	0.15		18.72
Borrowings	176.51			176.51
	296.10	0.15	-	296.25

3.5 Financial Instruments

Categories of Financial assets and liabilities:

	Rs.crores	
	As at March 31, 2020	As at March 31, 2019
Financial assets		
<u>Measured at amortised cost:</u>		
Cash and cash equivalents	21.85	24.77
Trade Receivables	153.49	25.03
Financial liabilities		
<u>Measured at amortised cost:</u>		
Borrowings	365.59	176.51
Trade Payables	69.24	101.02
Other financial liabilities	22.37	70.63
Lease Liabilities	56.01	

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, 2020	March 31, 2019
	Rs.crores	Rs.crores
Type of goods and service		
a) Sale of products		
- Commercial vehicles	286.32	372.47
- Spare parts and others	45.16	51.67
	331.48	424.14
b) Sale of services		
- Others	22.59	25.82
	22.59	25.82
Less: Rebates and discounts	20.56	0.07
Total revenue from contract with customers	333.51	449.89
India	0.10	0.89
Outside India	355.11	449.00
Total revenue from contract with customers	333.51	449.89

Timing of revenue recognition

Particulars	March 31, 2020		31-Mar-19	
	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	331.48		424.14	
-Sale of Services - AMC, Warranty services and others	10.16	12.43	14.35	11.47
Less: Rebates and discounts	20.56		0.07	
Total revenue from contract with customers	321.08	12.43	438.42	11.47

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.

3.6.3 Customer Geographical Analysis

	March 31, 2020	March 31, 2019
	Rs.crores	Rs.crores
UK	175.73	243.59
Other European	3.49	2.69
Non-EU	154.29	203.61
Total Revenue	333.51	449.89

3.6.4 Contract balances

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>Rs.crores</u>	<u>Rs.crores</u>
Trade receivables	153.49	25.03

Trade receivables are non - interest bearing and are generally on terms of 30 to 45 days

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

Particulars	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>Rs.crores</u>	<u>Rs.crores</u>
Contracted price	354.07	449.89
Adjustments		
Rebates and discounts	(20.56)	
Revenue from contract with customers	<u>333.51</u>	<u>449.89</u>

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

3.7 Related party disclosure continued...

b) Other related parties

Fellow subsidiaries

Ashok Leyland (UAE) LLC

Joint Ventures

Hinduja Tech Limited

Optare PLC

Notes annexed to and forming part of the consolidated Financial Statements

3.7 Related party disclosure continued...

c) Related Party Transactions - summary

Rs.crores

		Joint Ventures		Holding Company		Ultimate Holding Company		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
	Transactions during the year ended March 31								
	Sales and services	-	-	0.10	0.89	-	-	0.10	0.89
	Other expenditure incurred / (recovered) (net)	0.17	0.81	-	-	0.65	0.13	0.82	0.94
	Allotment of shares to Holding Company	-	-	100.42	18.92	-	-	100.42	18.92
	Loans taken from Ultimate Holding Company	-	-	-	-	74.80	-	74.80	-
	Loans repaid to Ultimate Holding Company	-	-	-	-	51.43	-	51.43	-

Optare PLC**Notes annexed to and forming part of the consolidated Financial Statements**

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

	Balances as on March 31	Joint Ventures		Holding Company		Ultimate Holding Company		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
	Trade receivables	-	-	0.18	0.55	-	-	0.18	0.55
	Loans	-	-	-	-	23.38	-	23.38	-
	Trade and other payables	0.17	0.13	-	-	0.81	0.13	0.98	0.26
	Financial guarantee received	-	-	46.75	46.75	-	-	46.75	46.75

3.7 Related party disclosure continued...

e) Significant Related Party Transactions

Transactions during the year ended March 31	Rs.crores	
	2020	2019
Sales and services		
Ashok Leyland Limited	0.10	0.89
Other expenditure incurred / (recovered) (net)		
Hinduja Automotive Limited, United Kingdom	0.65	0.13
Hinduja Tech Limited	0.17	0.83
Allotment of shares to		
Ashok Leyland Limited	100.42	18.92
Loans taken from		
Hinduja Automotive Limited, United Kingdom	74.80	-
Loans repaid to		
Hinduja Automotive Limited, United Kingdom	51.43	-

Optare PLC

Notes annexed to and forming part of the consolidated Financial Statements

3.8 Contingent liabilities

	As at March 31, 2020 Rs.crores	As at March 31, 2019 Rs.crores
Corporate guarantees received from Holding Company	46.75	46.75

3.9 Details of Non-current borrowings:

	As at March 31, 2020			Particulars of Redemption / Repayment	As at March 31, 2019		
	Non Current Rs.crores	Current Maturities Rs.crores	Total Rs.crores		Non Current Rs.crores	Current Maturities Rs.crores	Total Rs.crores
a. Secured borrowings:							
Term loans:				Citibank Short term Loan		18.10	18.10
	-	-	-		-	18.10	18.10

3.10 Details of current borrowings

Unsecured borrowings	As at March 31, 2020	Particulars of Repayment	As at March 31, 2019
	Rs. Crores		Rs. Crores
	230.01	Citibank RTA Working Capital Loan Drawdown's ranging from Rs Crores 0.93 to 28.05 Maturity date ranging from April 2, 2020 to February 26, 2020	176.51
	23.38	Hinduja Automotive Limited Loan Maturity date June 23, 2020	-
	65.45	ICICI Working Capital Utilisation Drawdown's ranging from Rs Crores 9.35 to 28.05 Maturity date ranging from April 2, 2020 to May 25, 2020	-
	28.05	ICICI Bank Overdraft Utilisation Maturity date April 29, 2020	-
	18.70	Citibank Short Term Loan Maturity date September 18, 2020	-
	365.59		-

The above loans carry varying rates of interest with the maximum rate of interest going up to 3.79% (as at March 31, 2019: 1.94%) per annum. The weighted average rate of interest of these loans is around 1.83% (2018-19: 1.89%) per annum.

3.11 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, 2020	As at March 31, 2019
Optare UK Limited	Supplying kits of passenger vehicles	UK	100.00%	100.00%
Optare Group Limited	Manufacturer of passenger vehicles	UK	100.00%	100.00%
Jamesstan Investments Limited	Holding Company	UK	100.00%	100.00%
Optare Holdings Limited	Holding Company	UK	100.00%	100.00%
Optare (Leeds) Limited	Dormant	UK	100.00%	100.00%
East Lancashire Busbuilders Limited	Dormant	UK	100.00%	100.00%