SPECIAL PURPOSE INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF
ROYAL ENFIELD UK LIMITED

Report on Special Purpose Ind AS Financial Statements

We have audited the accompanying special purpose Ind AS financial statements of Royal Enfield UK Limited (the "Company"), a company incorporated in the United Kingdom, which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the period ended March 31, 2022, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements").

Management's Responsibility for the Special Purpose Ind AS Financial Statements

The Management of the Company is responsible for the preparation of these Special Purpose Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Indian Accounting Standard) Rules, 2017. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS Financial Statements that give a true and fair view and are free from material misstatement, due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Special Purpose Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Special Purpose Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and changes in equity for the period ended on that date.

Other Matters

This report on the Special Purpose Ind AS Financial Statements has been issued solely for the purpose of enabling Eicher Motors Limited to prepare its Consolidated Financial Statements and should not be used for any other purpose without our prior written consent. Accordingly, we do not accept of assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without prior consent in writing.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Sanjay Vij
Partner
Membership No.: 095169

UDIN: 22095169AIXSHJ1139

Place: Gurugram
Date: May 13, 2022

ROYAL ENFIELD UK LIMITED
BALANCE SHEET AS AT MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	202,910	-
(b) Deferred Tax Assets		31,239	-
Total Non-Current Assets		**234,149**	**-**
Current assets			
(a) Inventories	5	2,713,239	1,121,992
(b) Financial assets			
(ii) Cash and cash equivalents	6	313,416	591,488
(c) Other current assets	7	1,639,294	858,272
Total Current Assets		**4,665,949**	**2,571,752**
Total Assets		**4,900,098**	**2,571,752**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	8	100,000	100,000
(b) Other equity	9	(133,179)	(519,832)
Total Equity		**(33,179)**	**(419,832)**
LIABILITIES			
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	11	3,428,579	2,014,614
(ii) Other financial liabilities	10	90,810	87,322
(b) Other current liabilities	12	1,413,888	889,648
Total Current Liabilities		**4,933,277**	**2,991,584**
Total Equity and Liabilities		**4,900,098**	**2,571,752**
Summary of Significant accounting policies	**3**		

In terms of our report attached

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

For and on Behalf of Board of Directors of Royal Enfield UK Limited

Kaleeswaran Arunachalam
Group CFO

Place: Chennai
Date: May 13,2022

Amit Chitnis
Director

Place: Leicestershire, UK
Date: May 13,2022

ROYAL ENFIELD UK LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
INCOME			
Revenue from contract with customers	13	17,948,604	4,403,786
Other income	14	106,956	42,105
Total Income		**18,055,560**	**4,445,891**
EXPENSES			
Purchases of traded goods	15	17,402,734	5,003,754
(Increase)/decrease in inventories of traded goods	16	(1,591,247)	(1,121,992)
Employee benefit expenses	17	1,054,160	696,133
Depreciation and amortisation expense	4	15,129	-
Other expenses	18	819,370	368,348
Total expenses		**17,700,146**	**4,946,243**
Profit before tax		355,414	(500,352)
Tax expense			
Current tax		-	-
Deferred tax		(31,239)	-
Total tax expense		**(31,239)**	**-**
Profit for the period		**386,653**	**(500,352)**
Other Comprehensive Income		**-**	**-**
Total comprehensive income for the period, net of tax		**386,653**	**(500,352)**
Earning per share			
(a) Basic	20	**3.87**	**(5.00)**
(b) Diluted	20	**3.87**	**(5.00)**
Summary of Significant accounting policies	**3**		

In terms of our report attached
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors of Royal Enfield UK Limited

per Sanjay Vij
Partner
Membership No.: 095169

Kaleeswaran Arunachalam
Group CFO

Amit Chitnis
Director

Place: Gurugram
Date: May 13,2022

Place: Chennai
Date: May 13,2022

Place: Leicestershire, UK
Date: May 13,2022

ROYAL ENFIELD UK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

a. Equity share capital

Particulars	Number of shares	Amount
Balance at March 31, 2020	**100,000**	**100,000**
Changes in equity share capital during the period	-	-
Balance at March 31, 2021	**100,000**	**100,000**
Changes in equity share capital during the period	-	-
Balance at March 31, 2022	**100,000**	**100,000**

b. Other Equity

Particulars	Retained earnings
Balance at March 31, 2020	**(19,480)**
Loss for the period	(500,352)
Balance at March 31, 2021	**(519,832)**
Profit for the period	386,653
Balance at March 31, 2022	**(133,179)**
Summary of Significant accounting policies	3

In terms of our report attached

For and on Behalf of Board of Directors of Royal Enfield UK Limited

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

per Sanjay Vij
Partner
Membership No.: 095169

Kaleeswaran Arunachalam
Group CFO

Amit Chitnis
Director

Place: Gurugram
Date: May 13,2022

Place: Chennai
Date: May 13,2022

Place: Leicestershire, UK
Date: May 13,2022

ROYAL ENFIELD UK LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

Particulars	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Proft/ (Loss) before Tax	355,414	(500,352)
Changes in working capital:		
Adjustments for (increase)/decrease in current assets:		
Inventories	(1,591,247)	(1,121,993)
Other current Assets	(781,021)	(857,982)
Adjustments for increase/(decrease) in current liabilities:		
Trade payables	1,413,964	2,002,877
Other financial liabilities	3,488	87,322
Other current liabilities	524,240	889,648
Net cash flow from operating activities (A)	**(75,162)**	**499,520**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Property, plant and equipment (Including Capital Advances)	(202,910)	-
Net cash flow from investing activities (B)	**(202,910)**	**-**
Net Increase/(decrease) in cash and cash equivalents (A) + (B)	**(278,072)**	**499,520**
Cash and cash equivalents at the beginning of the period	**591,488**	**91,968**
Cash and cash equivalents at the end of the period	**313,416**	**591,488**

Particulars	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Balances with banks:		
In current accounts	313,416	591,488
Total cash and cash equivalents as per balance sheet (refer note 6)	**313,416**	**591,488**
Summary of Significant accounting policies	**3**	

In terms of our report attached
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

For and on Behalf of Board of Directors
of Royal Enfield UK Limited

Kaleeswaran Arunachalam
Group CFO

Place: Chennai
Date: May 13,2022

Amit Chitnis
Director

Place: Leicestershire, UK
Date: May 13,2022

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

1. Corporate Information

Royal Enfield UK Limited ("the Company") was incorporated on August 20th, 2019. The Company is into trading of two wheelers, Spares, Gears and Accessories in United Kingdom.

The accompanying financial statements have been prepared for providing audited financial statements of the company for the period ended 31st March, 2022 to the AD Category I Banks in terms of Notification No. FEMA 120/RB-2004 dated July 7, 2004 and for enabling Eicher Motors Limited, Holding Company, to prepare its consolidated financial statements.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015.

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements are presented in GBP, which is the company's functional currency.

2.3 Operating cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Significant Accounting Policies

3.1. Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

b. it is held primarily for the purpose of being traded:

c. it is expected to be realised within 12 months after the reporting date; or

d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

3.2 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions, that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Company presents the valuation results to the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

3.3 Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, Road Side Assistance, Free Service Coupons, etc.). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3.4 Foreign currencies

In preparing the financial statements of the Company transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.5. Employee benefits

Employee benefits include social security and medicare contribution. All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

3.6 Pensions

Pension fund

The Company provide employee benefits in the nature of pension fund.

The portion of pension fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the pension fund. The Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service.

3.7 Property, plant and equipment

Property, plant and equipment and Furniture are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

Asset	**Useful life**
Leasehold improvements	5 years
Equipment and Electrical Fittings	5 years
Office Equipment	5 years
Computers-End user devices	3 years
Furniture & fixtures	5 years
Vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of non-financial assets

At the end of each reporting period, the Company assesses, whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods/years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.9 Inventories

Inventories comprising traded goods are stated at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Cost of inventories is determined on a moving average.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

· the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

· the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”) (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

· the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

· the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated at FVTPL.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in the other comprehensive income. These gains/ loss are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.

3.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period/year.
Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

4. Property, plant and equipment

Particulars	Leasehold Improvements	Tools and electrical fittings	Furniture and fixtures	Office equipments	Vehicles	Total
Cost						
At March 31, 2020	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2021	-	-	-	-	-	-
Additions	-	90,742	-	7,225	120,072	**218,039**
Disposals	-	-	-	-	-	-
At Mar 31, 2022	-	**90,742**	-	**7,225**	**120,072**	**218,039**
Additions	-	-				-
Disposals	-	-	-	-	-	-
Accumulated depreciation						
At March 31, 2020	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2021	-	-	-	-	-	-
Charge for the year	-	10,082	-	1,204	3,843	**15,129**
Disposals	-	-	-	-	-	-
At Mar 31, 2022	-	**10,082**	-	**1,204**	**3,843**	**15,129**
Additions	-	-				-
Disposals	-	-	-	-	-	-
At 31 Mar 2022	-	**10,082**	-	**1,204**	**3,843**	**15,129**
Net book Value						
At Mar 31, 2021	-	-	-	-	-	-
At Mar 31, 2022	-	**80,660**	-	**6,021**	**116,229**	**202,910**

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

5. Inventories

(At lower of cost and net realizable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Traded goods		
-Two Wheelers	2,713,239	1,121,992
Total	**2,713,239**	**1,121,992**

6. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
In current accounts	313,416	591,488
Total	**313,416**	**591,488**

7. Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Unsecured, considered good		
Advance to suppliers	5,865	25,155
Advance to employees	1,084	1,500
VAT credit	1,631,941	827,075
Prepaid expenses	404	4,542
Total	**1,639,294**	**858,272**

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

8. Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
100,000 Equity shares at 1 GBP each	100,000	100,000
Total	**100,000**	**100,000**
Issued, Subscribed and fully paid up		
100,000 Equity shares at 1 GBP each		
At the beginning	100,000	100,000
Issued during the period	-	-
Outstanding at the end of the period	**100,000**	**100,000**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
At the beginning of the period	100,000	100,000
Issued during the period	-	-
Oustanding at the end of the period (Mar 31 2022: 100,000 and March 31, 2021: 100,000 Equity shares)	**100,000**	**100,000**

The Company has only one class of equity shares having face value of 1 GBP each.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

% holding by Eicher Motors Limited as at March 31, 2022: 100%

9. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
Opening balance	(519,832)	(19,480)
Add: Profit/Loss for the period	386,653	(500,352)
Net deficit in the statement of profit and loss	**(133,179)**	**(519,832)**

10. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Employee dues	90,810	87,322
Total	**90,810**	**87,322**

11. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables to related parties	2,996,503	1,857,506
Trade payables to others	432,076	157,108
Total	**3,428,579**	**2,014,614**

As at March 31,2022

Particulars	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	312,595	-	3,115,983	-	-	-	3,428,579
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**312,595**	**-**	**3,115,983**	**-**	**-**	**-**	**3,428,579**

As at March 31,2021

Particulars	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	151,226	-	1,863,388	-	-	-	2,014,614
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**151,226**	**-**	**1,863,388**	**-**	**-**	**-**	**2,014,614**

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

12. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Advance from customers	-	-
Statutory remittances (Contribution to Pension fund and VAT)	1,413,888	889,648
Total	**1,413,888**	**889,648**

13. Revenue from contract with customers

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of traded goods		
Two-Wheelers	17,948,604	4,403,786
Total	**17,948,604**	**4,403,786**

14. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Miscellaneous income	106,956	42,105
Total	**106,956**	**42,105**

15. Purchases of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Two wheelers	17,402,734	5,003,754
Total	**17,402,734**	**5,003,754**

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

16. (Increase)/decrease in inventories of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the end of the year		
Traded goods	2,713,239	1,121,992
Sub-total (A)	**2,713,239**	**1,121,992**
Inventories at the beginning of the year		
Traded goods	1,121,992	-
Sub-total (B)	**1,121,992**	**-**
Net change (B-A)	**(1,591,247)**	**(1,121,992)**

17. Employee benefits expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	927,279	625,331
Contribution to Pension funds	126,856	70,247
Staff welfare expenses	25	555
Total	**1,054,160**	**696,133**

18. Other expenses

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Insurance	2,934	1,390
Repairs and maintenance		
Others	40,868	-
Advertisement	102,903	140,269
Freight and handling charges	404,104	50,973
Other selling and distribution expenses	180,674	71,376
Legal and professional charges	36,464	53,191
Travelling expenses	34,208	11,729
Corporate social responsibility expenditure	-	10,000
Miscellaneous expenses	17,216	29,420
Total	**819,370**	**368,348**

19. Commitments

The Company does not have commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employee's benefits including agreement in normal course of business. The Company does not have any capital commitments or long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

20. Employee Benefit Plans

The details of employee benefits provided to employees are as under:

Defined Contribution Plans

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Detail of amount recognized as expense for defined contribution plans is given below:-		
Pension fund	126,856	70,247

21. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Profit/(Loss) for the year as per statement of profit and loss	386,653	(500,352)
b) Weighted average number of equity shares (Nos.)	100,000	100,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	**3.87**	**(5.00)**

22. Segment reporting disclosure

The Company primarily operates in the automotive segment. The automotive segment includes all activities related to sale of two-wheelers .

As defined in Ind AS 108, the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of IND AS 108 "Operating Segments".

23. Related party disclosures

a) Names of related parties and their relationship:

Name of related party	Nature of Relationship
Eicher Motors Limited (EML)	Holding Company
Royal Enfield North America Limited (RENA)	Subsidiary of Holding company

b) Key Management Personnal:

Mr. Amit Chitnis	Director
Mr. Stephen Bayford	Director

C) Transactions with the related parties:

Name of related party	Nature of transaction	For the year ended March 31, 2022	For the year ended March 31, 2021
Eicher Motors Limtied	Issue of share capital	-	-
	Purchase of traded goods, packing materials	16,732,187	4,832,394
	Payment Made to EML	-	-
	Expenses Reimbursement to EML	174,938	7,201
	Income on sales and marketing services rendered	105,299	42,105
Royal Enfield North America	Expenses Reimbursements from RENA	-	2,500

Balance outstanding at the year end

Name of related party	Nature of transaction	For the year ended March 31, 2022	For the year ended March 31, 2021
Eicher Motors Limtied	Payables	3,181,441	1,894,911
	Expenses Payables	-	7,201
	Receivables	184,939	42,105
Royal Enfield North America	Receivables	-	2,500

d) Transactions with key management personnel

Particulars	**Mr. Amit Chitnis (Director)**	
	For the Year ended March 31, 2022	**For the Year ended March 31, 2021**
Salaries, wages and bonus	**92,497**	**56,749**
Loans given	-	-
Balance outstanding as at the year end	-	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021 : Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

24. Critical Accounting Judgements and key resources of estimation uncertainty

Use of estimates

The Preparation of the Financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (Including contingent liabilities) and the reported income and expenses during the period . The Management belives that the estimates used in preparation of the financial statements are prudent and reasonable .Future results could differ due to these estimates and the differences between the actual results and the the estimates are recognised in the periods in which the results are known/materialise.

25. Financial instruments

Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Capital structure of the Company consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.
The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital.
The following table summarizes the capital of the Company:

	As at March 31, 2022	As at March 31, 2021
Borrowings	-	-
Less: cash and cash equivalents	313,416	591,488
Net debt	**(313,416)**	(591,488)
Equity Share Capital	**100,000**	**100,000**
Other equity	**(133,179)**	**(519,832)**
Total Equity	**(33,179)**	(419,832)
Gearing ratio (%)	**945**	**141**

25.1. Categories of financial instruments

Particulars	As at March 31, 2022	As at March 31, 2021
Financial assets at amortized cost		
Current		
Trade receivables	-	-
Cash and bank balances	313,416	591,488
Financial liabilities at amortized cost		
Current		
Trade payables	3,428,579	2,014,614
Other financial liabilities	87,322	87,322

25.2. Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments byvaluation techniques

The following is the basis of categorizing the financial instruments measured at fair value into Level 1 to Level 3 :-

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included withinLevel 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

26. Financial risk management objectives and Policies

Financial risk management objectives

The management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

'The management reviews cash resources, implements strategies for foreign currency exposures and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity risk relating to trading operations. Market risk exposures are measured using sensitivity analysis.

Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks. Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end. Trade receivables are non interest bearing and are generally on terms of 30-60 days.

27. The company did not have any long term contracts including derivative contracts for which there are material forseeable losses.

28. The company does not have any litigation during the year or any litigation pending/contingent liabilities not provided for at the year end.

29. Due to COVID-19, the Company temporarily suspended the operations undertaken by it. COVID-19 has impacted the normal business operations of the Company by way of interruption in distribution, supply chain disruption, unavailability of personnel, closure/lock down of operational facilities, retail outlets of dealers etc.

The Company has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the balance sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of these financial statements. However, the impact assessment of Covid-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

30.Ratio Analysis and its elements

Ratio	As at March 31, 2022	As at March 31, 2021	% change	Reason for variance
Current ratio: *Current Assets / Current Liabilities*	0.9	0.9	10.0%	Not Applicable
Return on Equity ratio: *Net Profits after taxes – Preference Dividend / Average Shareholder's Equity*	(1.7)	2.9	-157.9%	Change is due to profits in the current year compared to loss in the previous on account of higher sales in 2021-22
Inventory Turnover ratio: *Cost of goods sold / Average Inventory*	8.2	6.9	19.2%	Not Applicable
Trade Payable Turnover Ratio: *Net credit purchases = Gross credit purchases - purchase return / Average Trade Payables*	6.4	4.9	29.5%	Increase is due to significantly higher purchases in the current year
Net Capital Turnover Ratio: *Net sales = Total sales - sales return / Working capital = Current assets – Current liabilities*	(67.1)	(10.5)	540.1%	Change due to improvement in working capital and higher sales during the current year
Net Profit ratio: *Net Profit / Net sales = Total sales - sales return*	2.2%	-11.4%	-119.0%	Change is due to profits in the current year compared to loss in the previous on account of higher sales in 2021-22
Return on Capital Employed: *Earnings before interest and taxes / Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability*	-10.71	1.19	-998.8%	Change is due to profits in the current year compared to loss in the previous on account of higher sales in 2021-22

31. Previous year's figures have been regrouped and reclassified where necessary to conform to the current year's classification.

In terms of our report attached
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors of Royal Enfield UK Limited

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

Kaleeswaran Arunachalam
Group CFO

Place: Chennai
Date: May 13,2022

Amit Chitnis
Director

Place: Leicestershire, UK
Date: May 13,2022