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

Report on Special Purpose Ind AS Financial Statements

We have audited the accompanying special purpose Ind AS financial statements of Royal Enfield North America Limited (the "Company"), a company incorporated in the United States of America, 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 year 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 year 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: 22095169AIXRTJ6618

Place: Gurugram
Date: May 13, 2022

ROYAL ENFIELD NORTH AMERICA LIMITED
BALANCE SHEET AS AT MARCH 31, 2022
ALL AMOUNTS ARE IN USD 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	**1,030,012**	496,662
(b) Right of Use Asset	6	**132,433**	121,790
(c) Investment in subsidiary	7	**13,280**	13,280
Total non-current assets		**1,175,725**	**631,732**
Current assets			
(a) Inventories	8	**18,711,032**	8,514,065
(b) Financial assets			
(i) Trade receivables	9	**1,034,676**	729,829
(ii) Cash and cash equivalents	10	**788,111**	715,292
(iii) Other financial assets	11	**775,963**	622,194
(c) Other current assets	12	**344,889**	99,786
Total current assets		**21,654,671**	**10,681,166**
Total assets		**22,830,396**	**11,312,898**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	13	**5,242,601**	5,242,601
(b) Other equity	14	**(4,162,563)**	(10,575,956)
Total equity		**1,080,038**	**(5,333,355)**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	15	**23,695**	-
Total non-current liabilities		**23,695**	**-**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	**7,000,000**	10,700,000
(ii) Lease liability	15	**112,350**	144,307
(iii) Trade payables	17	**13,973,800**	5,333,042
(iv) Other financial liabilities	18	**251,032**	357,715
(b) Contract Liability	19	**312,915**	56,028
(c) Current Tax Liabilities	20	**19,700**	-
(d) Other current liabilities	21	**56,866**	55,161
Total current liabilities		**21,726,663**	**16,646,253**
Total liabilities		**21,750,358**	**16,646,253**
Total equity and liabilities		**22,830,396**	**11,312,898**

Summary of Significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

For and on Behalf of Board of Directors of Royal Enfield North America Limited

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

B Govindarajan
Director

Place: Chennai
Date: May 13,2022

Krishnan Ramaswamy
Director

Place: Milwaukee
Date: May 13,2022

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022
ALL AMOUNTS ARE IN USD 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	22	**34,567,304**	19,113,061
Other income	23	**28,239**	340,614
Total Income		**34,595,543**	**19,453,675**
EXPENSES			
Purchases of traded goods	24	**30,016,631**	14,842,535
(Increase)/decrease in inventories of traded goods	25	**(10,196,967)**	(3,901,225)
Employee benefit expenses	26	**2,212,202**	2,099,315
Finance costs	27	**363,286**	384,663
Depreciation and amortisation expense	28	**505,431**	381,022
Other expenses	29	**5,261,867**	2,654,987
Total expenses		**28,162,450**	**16,461,297**
Profit/(Loss) before tax		**6,433,093**	2,992,378
Tax expense			
Current tax	30	**19,700**	-
Deferred tax		-	-
Total tax expense		**19,700**	**-**
Profit/(Loss) for the year		**6,413,393**	2,992,378
Other Comprehensive Income		**-**	-
Total comprehensive income for the year		**6,413,393**	2,992,378
Earnings per share			
(a) Basic	32	**64.13**	29.92
(b) Diluted	32	**64.13**	29.92
(No face value of shares defined as such)			

Summary of Significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

For and on Behalf of Board of Directors of Royal Enfield North America Limited

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

B Govindarajan
Director

Place: Chennai
Date: May 13,2022

Krishnan Ramaswamy
Director

Place: Milwaukee
Date: May 13,2022

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

a. Equity share capital

Particulars	Number of shares	Amount
Balance as at March 31, 2020	**100,000**	**5,242,601**
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	**100,000**	**5,242,601**
Changes in equity share capital during the year	-	-
Balance as at March 31, 2022	**100,000**	**5,242,601**

b. Other Equity

Particulars	Retained earnings
Balance as at March 31, 2020	**(13,568,334)**
Profit/(Loss) for the year	2,992,378
Balance as at March 31, 2021	**(10,575,956)**
Profit/(Loss) for the period	6,413,393
Balance as at March 31, 2022	**(4,162,563)**

Summary of Significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

For and on Behalf of the Board of Directors of Royal Enfield North America Limited

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

B Govindarajan
Director

Place: Chennai
Date: May 13,2022

Krishnan Ramaswamy
Director

Place: Milwaukee
Date: May 13,2022

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

Particulars	For the year ended March 31, 2022	For the Year ended March 31, 2021
A. CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	**6,433,093**	2,992,378
Adjustments for:		
Depreciation and amortisation expenses	**505,431**	381,022
Loss/(Gain) on disposal of property,plant and equipment	**41,890**	8,784
Interest expense	**363,286**	384,663
Operating loss before changes in working capital	**7,343,700**	3,766,847
Changes in working capital:		
Adjustments for (increase)/decrease in current assets:		
Inventories	**(10,196,968)**	(3,901,225)
Trade receivables	**(304,847)**	(124,750)
Other financial assets	**(153,769)**	(555,555)
Other assets	**(245,103)**	62,154
Adjustments for increase/(decrease) in current liabilities:		
Trade payables	**8,640,758**	2,322,134
Other financial liabilities	**150,205**	(345,741)
Other liabilities	**1,705**	(3,274)
Net cash flow from / (used in) operating activities (A)	**5,235,681**	**1,220,590**
B. CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		
Payment for Property, plant and equipment	**(927,532)**	(401,942)
Proceeds from disposal of property, plant and equipment	**54,945**	14,308
Net cash flow from / (used in) investing activities (B)	**(872,587)**	**(387,634)**
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of lease liabilities	**(243,440)**	(124,750)
Interest paid	**(346,831)**	(384,662)
Proceeds from / (repayment of) short term borrowings	**(3,700,000)**	(300,000)
Net cash flow from / (used in) financing activities (C)	**(4,290,271)**	**(809,412)**
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**72,819**	23,544
Cash and cash equivalents at the beginning of the year	**715,292**	691,748
Cash and cash equivalents at the end of the year	**788,111**	**715,292**

Particulars	As at March 31, 2022	As at March 31, 2021
Components of cash and cash equivalents		
Cash on hand	**69**	69
Balances with banks:		
In current accounts	**788,042**	715,223
Cash and cash equivalents as per balance sheet (refer note 10)	**788,111**	**715,292**

Summary of Significant accounting policies (Note 3)

The accompanying notes are an integral part of the financial statements

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

For and on Behalf of Board of Directors of Royal Enfield North America Limited

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

B Govindarajan
Director

Place: Chennai
Date: May 13,2022

Krishnan Ramaswamy
Director

Place: Milwaukee
Date: May 13,2022

1. Corporate Information

Royal Enfield North America Limited (“RENA” or “the Company”) was incorporated on March 23, 2015 as Wisconsin Stock For Profit Corporation under chapter 180 of the Wisconsin Statutes. The Company is into trading of two wheelers, spares and accessories in the United States of America.

The accompanying financial statements have been prepared for providing audited financial statements of the company for the year 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 USD, 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

a. 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

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

b. Revenue from contract with customer

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, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Sale of goods and services

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

Revenue from freight services is recognised at a point in time, generally upon delivery of the consignment.

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).

c. Leases

The Company assesses at the contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

• Buildings 2 to 6 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings and others (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

d. 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.

e. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

f. 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.

g. Share-based payment arrangements

Employees (including senior executives) of the Company receive remuneration under the scheme of the holding company, Eicher Motors Limited, in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

h. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

i. 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.

In the previous year, as part of transition from the previous GAAP, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets recognised in the previous GAAP as deemed cost at the transition date.

j. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Estimated useful lives of intangible assets

Intangible assets, comprising of software, are amortised on a straight line method over a period of 3 years.

k. 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 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.

l. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories of traded goods and packing materials are determined on a moving weighted average. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

m. 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).

n. 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)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated at FVTPL are measured at 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.

Investment in subsidiaries and joint ventures is carried at cost in the separate financial statements.

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.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on historical credit loss experience and adjustments for forward looking information.

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.

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.

o. 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.

p. 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.

q. 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 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.

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4. Property, plant and equipment

Particulars	Leasehold Improvements	Tools and electrical fittings	Furniture and fixtures	Office equipments	Vehicles	Total
Cost						
At March 31, 2020	17,216	182,465	52,334	69,517	385,957	**707,489**
Additions	-	67,431	-	11,279	323,232	401,942
Disposals	-	-	-	-	41,253	41,253
At March 31, 2021	**17,216**	**249,896**	**52,334**	**80,796**	**667,936**	**1,068,178**
Additions	-	97,550	513	15,037	814,433	927,532
Disposals	-	-	3,724	11,209	187,043	201,976
At March 31, 2022	**17,216**	**347,446**	**49,123**	**84,624**	**1,295,326**	**1,793,734**
Accumulated depreciation						
At March 31, 2020	11,547	141,754	28,436	53,115	181,747	**416,599**
Charge for the year	3,325	42,635	7,677	16,064	103,377	173,078
Disposals	-	-	-	-	18,161	18,161
At March 31, 2021	**14,872**	**184,389**	**36,113**	**69,179**	**266,963**	**571,516**
Charge for the year	2,344	76,128	6,612	12,860	199,403	297,347
Disposals	-	-	3,724	11,209	90,208	105,141
At March 31, 2022	**17,216**	**260,517**	**39,001**	**70,830**	**376,158**	**763,722**
Net book Value						
At March 31, 2021	2,344	65,507	16,221	11,617	400,973	496,662
At March 31, 2022	**-**	**86,929**	**10,122**	**13,794**	**919,168**	**1,030,012**

5. Intangible Assets:

	Computer softwares
Cost	
At March 31, 2020	2,007
Additions	-
Disposals	-
At March 31, 2021	**2,007**
Additions	-
Disposals	161
At March 31, 2022	**1,846**
Accumulated depreciation	
At March 31, 2020	1,751
Charge for the year	256
Disposals	-
At March 31, 2021	**2,007**
Charge for the year	-
Disposals	161
At March 31, 2022	**1,846**
Net book Value	
At March 31, 2021	-
At March 31, 2022	-

6. Right to use asset:

Particulars	Right to use asset
Cost	
At March 31, 2020	516,114
Adjustment to opening balance	-
Additions	-
Disposals	-
At March 31, 2021	**516,114**
Additions	218,727
Disposals	-
At March 31, 2022	**734,841**
Accumulated depreciation	
At March 31, 2020	186,380
Charge for the year	207,944
Disposals	**-**
At March 31, 2021	**394,324**
Charge for the year	208,084
Disposals	-
At March 31, 2022	**602,408**
Net book Value	
At March 31, 2021	121,790
At March 31, 2022	**132,433**

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7. Investment in subsidiary

Particulars	As at March 31, 2022	As at March 31, 2021
Unquoted investments		
Investment in equity instruments of subsidiary company		
100 Equity shares (PY-100 shares) in Royal Enfield Canada Limited		
(No face value)	13,280	13,280
Total	**13,280**	**13,280**

8. Inventories
(At lower of cost and net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Traded goods		
-Two Wheelers	16,043,747	6,722,752
-Spares & Allied Products	2,257,587	1,788,747
Packing material and others	409,698	2,566
Total	**18,711,032**	**8,514,065**

Inventories are net of non-moving/slow-moving provisions amounting to USD 407,341 (March 31, 2021 : USD 256,458). These were recognised as an expense during the year in the Statement of Profit and Loss.

9. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Trade receivables from related parties	5,415	153,512
Other receivables		
Considered good - unsecured	1,029,261	576,317
Total	**1,034,676**	**729,829**

31 Mar 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	**> 0 < 180 days**	**180 - 365 days**	**1 - 2 years**	**2 - 3 years**	**> 3 years**	**Total**
Undisputed trade receivables - considered good	983,754	39,910	8,430	2,582	-	-	1,034,676
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**983,754**	**39,910**	**8,430**	**2,582**	**-**	**-**	**1,034,676**

31 Mar 2021

Particulars	Outstanding for following periods from due date of payment						
	Not due	**> 0 < 180 days**	**180 - 365 days**	**1 - 2 years**	**2 - 3 years**	**> 3 years**	**Total**
Undisputed trade receivables - considered good	627,752	98,427	3,650	-	-	-	729,829
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**627,752**	**98,427**	**3,650**	**-**	**-**	**-**	**729,829**

No trade receivables are due from directors or other officers of the company either severally or jointly with any other person.
Trade receivables are non interest bearing and are generally on terms of 30-60 days.

10. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	69	69
Balances with banks:		
In current accounts	788,042	715,223
Total	**788,111**	**715,292**

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11. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Unsecured, considered good		
Security deposits	6,200	3,000
Warranty receivable from related parties	769,763	619,194
Total	**775,963**	**622,194**

12. Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Unsecured, considered good		
Advance to suppliers	97,063	1,272
Advance to employees	82,342	5,412
Prepaid expenses	134,431	93,102
Other Receivables	31,053	-
Total	**344,889**	**99,786**

13. Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
1,00,000 (March 31, 2021 : 1,00,000) Equity shares (no face value)	5,242,601	5,242,601
Total	**5,242,601**	**5,242,601**
Issued, Subscribed and fully paid up		
1,00,000 (March 31, 2021 : 1,00,000) Equity shares (no face value)	**5,242,601**	5,242,601
Total	**5,242,601**	**5,242,601**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At the beginning of the year (April 1, 2021: 1,00,000 and April 1, 2020: 1,00,000 Equity shares)	**5,242,601**	5,242,601
Issued during the year	**-**	-
Oustanding at the end of the year (Mar 31, 2022: 1,00,000 and Mar 31, 2021: 1,00,000 Equity shares)	**5,242,601**	5,242,601

The Company has only one class of equity shares having face value of NIL.
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 Mar 31, 2022: 100% (March 31, 2021: 100%)

14. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained earnings		
Deficit in the statement of profit and loss		
Opening balance	**(10,575,956)**	(13,568,334)
Add: Profit/(Loss) for the year	**6,413,393**	2,992,378
Net deficit in the statement of profit and loss	**(4,162,563)**	**(10,575,956)**

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15. Lease liability

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Lease liability as per Ind AS 116	23,695	-
Total	**23,695**	-
Current		
Lease liability as per Ind AS 116	112,350	144,307
Total	**112,350**	**144,307**

16. Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured		
Working Capital loan from banks	7,000,000	10,700,000
Total	**7,000,000**	**10,700,000**

Unsecured working capital loans are against Corporate Guarantee given by the Holding Company, Eicher Motors Limited with average repayment period being 3 months and carries interest @ 3 Month LIBOR + 1.70%

17. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables to related parties (also refer note 34)	12,954,459	4,337,633
Trade payables to others	1,019,341	995,409
Total	**13,973,800**	**5,333,042**

As at March 31, 2022

Particulars	Unbilled	Outstanding for following periods from due date of payment					
		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	561,379	-	13,412,601	-	-	-	13,973,980
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**561,379**	**-**	**13,412,601**	**-**	**-**	**-**	**13,973,980**

As at March 31, 2021

Particulars	Unbilled	Outstanding for following periods from due date of payment					
		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	597,434	-	4,735,608	-	-	-	5,333,042
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**597,434**	-	**4,735,608**	-	-	-	**5,333,042**

18. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Employee dues	251,032	282,972
Interest accrued but not due	-	74,743
Total	**251,032**	**357,715**

19. Contract Liability

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers	312,915	56,028
Total	**312,915**	**56,028**

20. Current Tax Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Provision for Income tax	19,700	-
Total	**19,700**	-

21. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Statutory remittances (Federal Tax payable, Payroll State tax and Milwaukee Sales tax)	56,866	55,161
Total	**56,866**	**55,161**

22. 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	29,799,438	16,341,688
Spare parts,accessories and other allied products	1,865,269	1,352,309
Total (A)	**31,664,707**	**17,693,997**
Other Operating Revenue		
Freight Recovery	2,902,597	1,419,064
Total (B)	**2,902,597**	**1,419,064**
Grand Total (A+ B)	**34,567,304**	**19,113,061**

23. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit on sale of Fixed Assets	25,776	4,817
Miscellaneous income	2,463	335,797
Total	**28,239**	**340,614**

24. Purchases of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Two wheelers	26,997,405	10,895,664
Spare parts,accessories and other allied products	3,019,226	3,946,871
Total	**30,016,631**	**14,842,535**

25. (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	**18,711,032**	8,514,065
Sub-total (A)	**18,711,032**	**8,514,065**
Inventories at the beginning of the year		
Traded goods	**8,514,065**	4,612,840
Sub-total (B)	**8,514,065**	**4,612,840**
Net change (B-A)	**(10,196,967)**	**(3,901,225)**

26. Employee benefit expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries,wages and bonus	2,025,460	1,915,727
Payroll taxes	182,895	166,414
Share-based payments	-	8,455
Staff welfare expenses	3,847	8,719
Total	**2,212,202**	**2,099,315**

27. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense		
On borrowings	172,568	243,664
On bills discounting	174,263	121,238
On Lease liability	16,455	19,761
Total	**363,286**	**384,663**

28. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment (refer Note 4)	297,347	173,078
Depreciation on right to use asset (refer Note 6)	208,084	207,944
Total	**505,431**	**381,022**

29. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of stores and spares	35,309	26,411
Power and fuel	6,827	3,147
Insurance	309,535	251,823
Repairs and maintenance		
Others	52,889	49,816
Rates and taxes	249,902	43,638
Advertisement	764,797	315,028
Freight and handling charges	1,987,654	987,047
Vehicle Hire Charges	67,973	28,520
Other selling and distribution expenses	605,889	299,572
Expenditure on short term leases	271,822	164,459
Legal and professional charges	283,286	245,118
Travelling expenses	347,571	137,448
Testing & Inspection charges	8,787	9,852
Communication expenses	32,270	37,654
Miscellaneous expenses	169,689	41,853
Loss on Sale of Fixed Assets	67,667	13,601
Total	**5,261,867**	**2,654,987**

30. Income tax recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
In respect of the current year	19,700	-
Total income tax expense recognised in the current year	**19,700**	**-**

31. Commitments

The Company has 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.

32. 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	**6,413,393**	2,992,378
b) Weighted average number of equity shares (Nos.)	**100,000**	100,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	**64.13**	29.92

33. Segment reporting disclosure

The Company primarily operates in the automotive segment. The automotive segment includes all activities related to sale of two-wheelers as well as sale of related parts and accessories.

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".

Geographical information

The "Geographical Segments" comprises of domestic segment which includes sales to customers located in US and the overseas segment includes sales to customers located outside US.

	Domestic	**Overseas**	**Total**
Revenue from operations			
For the year ended March 31, 2022	31,853,341	2,713,963	34,567,304
For the year ended March 31, 2021	17,607,327	1,505,734	19,113,061
Non-current segment assets			
As at March 31, 2022	1,162,445	13,280	1,175,725
As at March 31, 2021	618,452	13,280	631,732

a) Domestic segment includes sales and services to customers located in US.
b) Overseas segment includes sales and services rendered to customers located outside US.
c) Non-current segment assets include property, plant and equipment, non-current financial assets and other non-current assets.

d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue have been identified to segments on the basis of their relationship to the operating activities of the segment.

34. 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 Canada Limited (RECA)	Subsidiary Company
Royal Enfield Brasil Comercio De Motocicltas Ltda	Subsidiary of Holding company
Royal Enfield Brasil Thailand Ltd. (RETH)	Subsidiary of Holding company
Royal Enfield UK Limited (REUK)	Subsidiary of Holding company

b) Key Management Personnal:

Mr. Vinod K Dasari	Director (Resigned w.e.f. August 13,2021)
Mr. Govindarajan Balakrishnan	Director (Appointed w.e.f. August 18,2021)
Mr. Krishnan Ramaswamy	Director
Mr. Michael A Roark	Director

c) Transactions with the related parties

Particulars	**EML**		**RECA**		**REUK**		**REBrazil**	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the Year ended March 31, 2022**	For the Year ended March 31, 2021	**For the Year ended March 31, 2022**	For the Year ended March 31, 2021	**For the Year ended March 31, 2022**	For the Year ended March 31, 2021
Issue of share capital	**-**	-	-	-	-	-	-	-
Subscription to Share Capital	**-**	-	-	-	-	-	-	-
Purchase of traded goods, packing materials	27,085,350	13,934,562	-	-	-	-	-	-
Sale of traded goods	-	-	2,713,963	1,505,734	-	-	-	-
Guarantee taken	-	-	-	-	-	-	-	-
Purchase of fixed assets	**-**	-	-	-	-	-	-	-
Payment on behalf of EML	-	-	-	-	-	-	-	-
Expenses recovered	2,517,265	1,298,231	146,574	113,721	-	3,301	-	7,423
Expenses reimbursed	-	8,455	-	-	-	-	-	-
Net amount received on behalf	-	-	-	-	-	-	-	-
Aggregate balances outstanding as at the year end							-	
- Payables	12,954,459	4,337,633	-	88,010	-	3,301	-	-
- Receivables	800,815	638,484	26,162	134,222	-	-	-	-
- Employee benefits payable	-	-	-	-	-	-	-	-
- Guarantee taken	19,000,000	19,630,000	-	-	-	-	-	-

d) Transactions with key management personnel

Particulars	**Mr. Krishnan Ramaswamy (Director)**		**Mr. Michael A Roark (Director)**	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the Year ended March 31, 2022**	For the Year ended March 31, 2021
Salaries, wages and bonus	**209,063**	207,619	**195,157**	200,542
Loans given	-	-	-	-
Balance (outstanding)/Receivable as at the year end	**903**	4,385	**80,120**	(3,618)

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.

The Company provides a credit period of 30-60 days with respect to trade receivables from RECA and EML.

35. Critical Accounting Judgements and key resources of estimation uncertainty

Use of estimates

In the application of the Company's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:-

Useful lives of depreciable assets

Management reviews useful lives of depreciable assets at each reporting. As at March 31, 2022 management assessed that the useful lives represent the expected utility of the assets to the company. Further, there is no significant change in useful lives as compared to the previous year.

Investment in equity instruments of subsidiary company

During the year, the Company assessed the investment in equity instruments of subsidiary company carried at cost for impairment testing. The subsidiary company is expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investment do not require any impairment.

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

37. 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:

Particulars	**As at March 31, 2022**	As at March 31, 2021
Borrowings (refer note no. 16)	**7,000,000**	10,700,000
Less: cash and cash equivalents (refer note no. 10)	**(788,111)**	(715,292)
Net debt	**6,211,889**	9,984,708
Equity Share Capital	**5,242,601**	5,242,601
Other equity	**(4,162,563)**	(10,575,956)
Total Equity	**1,080,038**	(5,333,355)
Gearing ratio (%)	**575**	(187)

38. Financial instruments

Categories of financial instruments

Particulars		**As at March 31, 2022**	As at March 31, 2021
Financial assets at amortised cost			
Current			
Trade receivables		**1,034,676**	729,829
Cash and cash equivalents		**788,111**	715,292
Other financial assets		**775,963**	622,194
	Total	**2,598,750**	2,067,315
Financial liabilities at amortised cost			
Non-current			
Other financial liabilities		**-**	-
Current			
Borrowings		**7,000,000**	10,700,000
Trade payables		**13,973,800**	5,333,042
Other financial liabilities		**251,032**	357,715
	Total	**21,224,832**	**16,390,757**

39. Financial risk management objectives and Policies

The Company's 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 loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regard to interest income and interest expenses and to manage the interest rate risk, the Company performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to Interest rate risk

Particulars	**For the year ended March 31, 2022**	For the year ended March 31, 2021
Floating rate borrowings	**7,000,000**	10,700,000

Interest rate sensitivity

A change of 25 basis points in interest rates would have following impact on profit before tax.

Particulars	**For the year ended March 31, 2022**	For the year ended March 31, 2021
25 bp increase - Decrease in profit	**23,087**	24,015
25 bp decrease - Increase in profit	**23,087**	24,015

Foreign currency risk

The Company does not undertake transactions in currencies other than USD, hence there is no foreign currency risk identified during the year.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's management is responsible for liquidity, funding as well as settlement management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

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

Maturity profile of financial liabilities:

Particulars	**As at March 31, 2022**			
	Less than 1 year	**1 to 5 years**	**>5 Years**	**Total**
Borrowings	7,000,000	-	-	7,000,000
Trade payables	13,973,800	-	-	13,973,800
Other financial liabilities	251,032	-	-	251,032

Particulars	**As at March 31, 2021**			
	Less than 1 year	**1 to 5 years**	**>5 Years**	**Total**
Borrowings	10,700,000	-	-	10,700,000
Trade payables	5,333,042	-	-	5,333,042
Other financial liabilities	357,715	-	-	357,715

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.

40.Pursuant to the approval accorded by shareholders of the holding company, Eicher Motors Limited ('EML'), at their Annual General Meeting held on 5th July 2006, the Nomination and Remuneration Committee of EML formulated 'Eicher Employee Stock Option Plan 2006' (ESOP Scheme 2006).

'Eicher Employee Stock Option Plan is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Company. The eligibility of employees to receive grants under the Plan has to be decided by the Nomination and Remuneration Committee from time to time at its sole discretion.

Vesting of the options shall take place in the manner determined by the Nomination and Remuneration Committee at the time of grant provided the vesting period shall not be more than 5 (five) years and not less than 1 year from the date of grant.

Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment with the Company and such other conditions as provided under EML's Employee Stock Option Plan, 2006.

The Exercise Price of each grant is determined by the Nomination and Remuneration Committee at the time of grant, provided that the Exercise Price shall not be less than the closing market price of the shares of the Company on NSE/BSE on the day preceding the date of grant of Options.

The options granted can be exercised at any time until completion of seven years from the date of vesting. Any options remaining unexercised at the end of the exercise period shall lapse. At the time of exercise the participant may pay the exercise price in the form of payment as approved by the Compensation Committee.

Each employee share option converts into one equity share of EML on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following table summarises stock options for each of the years presented:

	March 31,2022	**March 31,2021**
	Number	**Number**
Outstanding at on April 01	45,400	3,840
Adjustment for sub division of Equity Share	-	34,560
Outstanding at the beginning of the year (Post- Split)	45,400	38,400
Granted during the year	14,000	14,000
Forfeited during the year	-	-
Exercised during the year	2,750	7,000
Outstanding at on March 31	56,650	45,400
Exercisable at March 31	29,650	32,400

41. There are no events that occurred after the reporting period.

42. Disclosures in respect of Ind AS 116 "Leases".

As a lessee

The Company has lease contracts for various buildings used in its operations. The leases of buildings generally have lease terms between 2 to 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options which are further discussed below.

The Company does not have any leases with lease terms of 12 months or less or any leases of office equipment with low value.

(i) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2022

Particulars - Buildings	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Opening Balance	121,790	329,734
Depreciation charge for the Period	(208,084)	(207,944)
Additions during the Period	218,727	-
Adjustment/Deletion	-	-
Closing Balance	**132,433**	**121,790**

(ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2022

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Current liabilities	112,350	144,307
Non Current Liabilities	23,695	-
Total Lease liabilities	**136,045**	**144,307**

(iii) Movement in the carrying value of the Lease Liability for the year ended March 31, 2022

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Opening Balance	144,307	367,990
Interest Expense	16,455	19,761
Lease Payments [Total Cash Outflow]	(243,444)	(243,444)
Additions during the year	218,727	-
Closing Balance	**136,045**	**144,307**

(iv) Contractual Maturities of Lease liability outstanding as at March 31, 2022

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Less than one year	112,350	144,307
One to five Years	23,695	-
More than Five years	-	-
Total	**136,045**	**144,307**

Lease expenses relating to short term leases aggregated to USD Nil during the year ended March 31, 2022
Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 3.5% to 8%.
The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expense of right-of-use assets	208,084	207,944
Interest expense on lease liabilities	16,455	19,761
Expense relating to short-term leases (included in other expenses)	-	-
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (included in other expenses)	271,822	164,459
Total	**496,361**	**392,164**

43. Ratio Analysis and its elements

Ratio	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio: *Current Assets / Current Liabilities*	1.0	0.6	55.3%	Increase in current ratio is due to the increase in inventory balances and repayment of borrowings during the current year
Debt- Equity Ratio: *Total Debt / Shareholder's Equity*	6.6	(2.03)	-425.0%	Change in debt equity ratio is due to increase in the other equity balance of the Company on account of profits in the current year
Debt Service Coverage ratio: *Earnings for debt service = Net profit after taxes + Non-cash operating expenses / Debt service = Interest & Lease Payments + Principal Repayments*	12.4	7.4	67.8%	Change in Debt service coverage ratio is due to increase in profits and lease rentals compared to previous year.
Return on Equity ratio: *Net Profits after taxes – Preference Dividend / Average Shareholder's Equity*	(3.0)	(0.4)	588.3%	Change in return on equity ratio is due to increase in the other equity balance and profits in the current year
Inventory Turnover ratio: *Cost of goods sold / Average Inventory*	1.5	1.7	-12.7%	Not applicable
Trade Receivable Turnover Ratio: *Net credit sales = Gross credit sales - sales return / Average Trade Receivable*	39.2	28.6	36.8%	Increase is due to proportionately higher sales in current year compared to increase in trade receivables
Trade Payable Turnover Ratio: *Net credit purchases = Gross credit purchases - purchase return / Average Trade Payables*	3.1	3.6	-12.6%	Not applicable
Net Capital Turnover Ratio: *Net sales = Total sales - sales return / Working capital = Current assets – Current liabilities*	(480.2)	(3.2)	14885.3%	Change in net capital turnover ratio is on account of the significant increase in sales in the current year and the increase in current ratio
Net Profit ratio: *Net Profit / Net sales = Total sales - sales return*	18.6%	15.7%	18.5%	Not applicable
Return on Capital Employed: *Earnings before interest and taxes / Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability*	84.1%	63%	33.7%	Change in return on capital employed is due to improvement in capital employed and significant increase in earnings before interest and taxes on account of higher sales in the current year

44. 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
ICAI Firm registration Number : 301003E/E300005

For and on Behalf of the Board of Directors of Royal Enfield North America Limited

per Sanjay Vij
Partner
Membership No.: 095169

Place: Gurugram
Date: May 13,2022

B Govindarajan
Director

Place: Chennai
Date: May 13,2022

Krishnan Ramaswamy
Director

Place: Milwaukee
Date: May 13,2022