

INDEPENDENT AUDITOR’S REPORT

To the Members of Royal Enfield North America Limited

Report on Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Royal Enfield North America Limited (“the Company”). These special purpose financial statements comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together hereinafter referred to as “Special Purpose Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements as at and for the year ended March 31, 2024 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to those special purpose financial statements have been prepared solely for submitting to Holding Company to be used by them in preparation of their consolidated financial statements and to assist the Holding Company in filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction – Reporting under FEMA Act, 1999 updated on time to time issued by the RBI.

Basis for Opinion

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Emphasis of matter – Basis of Accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Holding Company in preparing their consolidated financial statements and to assist the Holding Company in filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction – Reporting under FEMA Act, 1999 updated on time to time issued by the RBI as at and for the year ended March 31, 2024. As a result, these special purpose financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibility of Management for the Special Purpose Financial Statements

The Company's Board of Directors is responsible for preparation of these special purpose financial statements which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, prepared in accordance with the basis of accounting described in Note 2 of the special purpose financial statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sas will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with Sas, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Distribution and Use

Our auditor's report on Special Purpose Financial Statements is intended and has been prepared solely for the purpose of submitting to Holding Company to be used by them in preparation of their consolidated financial statements and to assist the Holding Company in filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction – Reporting under FEMA Act, 1999 updated on time to time issued by the RBI. It is not to be used for any other purpose, or referred to in any other document, or distributed to anyone other than to the Company and Holding Company.

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

Per Sonika Loganey
Partner
Membership Number: 502220

UDIN: XXX
Place of Signature: Gurugram
Date: May 08, 2024

ROYAL ENFIELD NORTH AMERICA LIMITED
BALANCE SHEET AS AT MARCH 31, 2024
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	9,14,554	8,45,184
(b) Capital Work in Progress	5	10,912	65,005
(c) Right of Use Asset	7	93,61,267	36,80,440
(d) Financial assets			
(i) Investments in subsidiary	8	13,280	13,280
(ii) Other Financial Assets	13	6,200	6,200
(e) Deferred Tax Asset	9	7,71,358	
(f) Non-Current tax asset	14	1,52,864	
Total non-current assets		1,12,30,435	46,10,109
Current assets			
(a) Inventories	10	2,07,60,047	2,56,76,438
(b) Financial assets			
(i) Trade receivables	11	16,26,681	46,91,465
(ii) Cash and cash equivalents	12	7,64,308	3,41,430
(iii) Other financial assets	13	1,97,336	5,34,405
(c) Other current assets	15	11,39,004	6,03,822
Total current assets		2,44,87,376	3,18,47,560
Total assets		3,57,17,811	3,64,57,669
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	52,42,601	52,42,601
(b) Other equity	17	(12,98,454)	43,05,595
Total equity		39,44,147	95,48,196
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	18	80,11,831	29,77,299
(b) Deferred tax liabilities	9	-	96,019
Total non-current liabilities		80,11,831	30,73,318
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,23,90,000	1,12,00,000
(ii) Lease liability	18	20,46,685	7,78,350
(iii) Trade payables	20	87,22,843	1,11,75,880
(iv) Other financial liabilities	21	3,66,879	3,13,498
(b) Contract Liability	22	1,51,301	1,46,804
(c) Current Tax Liabilities	14	-	1,74,107
(d) Other current liabilities	23	84,126	47,516
Total current liabilities		2,37,61,833	2,38,36,155
Total liabilities		3,17,73,664	2,69,09,473
Total equity and liabilities		3,57,17,811	3,64,57,669
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

Sonika Loganey
Partner
Membership No.: 502220

B Govindarajan
Director

Krishnan Ramaswamy
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Milwaukee
Date: May 08, 2024

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from contract with customers	24	3,09,14,332	6,57,04,327
Other income	25	8,675	-
Total Income		3,09,23,007	6,57,04,327
EXPENSES			
Purchases of traded goods	26	1,59,84,412	4,71,24,929
(Increase)/decrease in inventories of traded goods	27	49,16,391	(69,65,406)
Employee benefit expenses	28	34,18,909	28,57,198
Finance costs	29	21,68,934	11,34,020
Depreciation and amortisation expense	30	25,43,259	9,59,504
Other expenses	31	83,50,114	1,08,14,564
Total expenses		3,73,82,019	5,59,24,809
Profit before tax		(64,59,012)	97,79,518
Tax expense			
Current tax expense	32	12,414	12,15,341
Deferred tax expense/(credit)	32	(8,67,377)	96,019
Total tax expense/(credit)		(8,54,963)	13,11,360
Profit/(loss) for the year		(56,04,049)	84,68,158
Other Comprehensive Income		-	-
Total comprehensive income for the year		(56,04,049)	84,68,158
Earnings per share			
(a) Basic	34	(56.04)	84.68
(b) Diluted	34	(56.04)	84.68
(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

Sonika Loganey
Partner
Membership No.: 502220

B Govindarajan
Director

Krishnan Ramaswamy
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Milwaukee
Date: May 08, 2024

ROYAL ENFIELD NORTH AMERICA LIMITED
 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024
 ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

a. Equity share capital

Particulars	Number of shares	Amount
Balance as at April 01, 2022	1,00,000	52,42,601
Changes in equity share capital during the year	-	-
Balance as at March 31, 2023	1,00,000	52,42,601
Changes in equity share capital during the year	-	-
Balance as at March 31, 2024	1,00,000	52,42,601

b. Other Equity

Particulars	Retained earnings
Balance as at April 01, 2022	(41,62,563)
Profit/(Loss) for the year	84,68,158
Balance as at March 31, 2023	43,05,595
Profit/(Loss) for the year	(56,04,049)
Balance as at March 31, 2024	(12,98,454)

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

Sonika Loganey
 Partner
 Membership No.: 095169

B Govindarajan
 Director

Krishnan Ramaswamy
 Director

Place: Gurugram
 Date: May 08, 2024

Place: UK
 Date: May 08, 2024

Place: Milwaukee
 Date: May 08, 2024

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	(64,59,012)	97,79,518
Adjustments for:		
Depreciation and amortisation expenses	25,43,259	9,59,504
Loss/(Gain) on disposal of property, plant and equipment	17,965	44,509
Finance costs	21,68,934	11,34,020
Operating loss before changes in working capital	(17,28,854)	1,19,17,551
Changes in working capital:		
Adjustments for (increase)/decrease in current assets:		
Inventories	49,16,391	(69,65,406)
Trade receivables	30,64,784	(36,56,789)
Other financial assets	3,37,069	2,35,358
Other assets	(5,35,182)	(2,58,933)
Adjustments for increase/(decrease) in current liabilities:		
Trade payables	(24,53,060)	(27,97,920)
Other financial liabilities	53,381	(1,03,645)
Other contract liabilities	4,497	-
Other liabilities	36,610	(9,350)
Net cash flow from / (used in) operating activities	36,95,635	(16,39,134)
Direct Taxes paid	3,39,385	10,60,934
Net cash flow from / (used in) operating activities (A)	33,56,250	(27,00,068)
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Payment for Property, plant and equipment	(3,55,644)	(3,98,630)
Proceeds from disposal of property, plant and equipment	3,450	1,63,888
Net cash flow from / (used in) investing activities (B)	(3,52,194)	(2,34,742)
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid on lease liabilities	(6,86,962)	(1,29,468)
Payment of principal portion of lease liabilities	(16,02,244)	(5,77,851)
Other Interest Payment	(14,81,972)	(10,04,552)
Proceeds from / (repayment of) short term borrowings	11,90,000	42,00,000
Net cash flow from / (used in) financing activities (C)	(25,81,178)	24,88,129
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	4,22,878	(4,46,681)
Cash and cash equivalents at the beginning of the year	3,41,430	7,88,111
Cash and cash equivalents at the end of the year	7,64,308	3,41,430

Particulars	As at March 31, 2024	As at March 31, 2023
Components of cash and cash equivalents		
Cash on hand	-	69
Balances with banks:		
In current accounts	7,64,308	3,41,361
Cash and cash equivalents as per balance sheet (refer note 12)	7,64,308	3,41,430
Total comprehensive income/(loss) for the period, net of tax	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

Sonika Loganey
Partner
Membership No.: 502220

B Govindarajan
Director

Krishnan Ramaswamy
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Milwaukee
Date: May 08, 2024

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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.

2. Basis of Preparation

2.1 Statement of Compliance

The special purpose financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The special purpose financial statements have been prepared for the purpose of submitting to shareholder to be used by them in preparing their consolidated financial statements and filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction –Reporting under FEMA Act, 1999 updated on time to time issued by the RBI. As a result, the special purpose financial statements may not be suitable for any other purpose. Consequently, these financial statements do not purport to be, and are not prepared to comply with the requirements of the Companies Act, 2013 and include only those disclosures prescribed under the Companies Act, 2013 as the management deems relevant.

2.2 Accounting convention

The special purpose 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 date.

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

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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 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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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.

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

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) before 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.

ROYAL ENFIELD NORTH AMERICA LIMITED
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ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

4. Property, plant and equipment

Particulars	Leasehold Improvements	Tools and electrical fittings	Furniture and fixtures	Office equipments	Vehicles	Total
Cost						
At April 01, 2022	17,216	3,47,446	49,123	84,624	12,95,326	17,93,735
Additions	-	30,597	832	12,818	2,89,378	3,33,625
Disposals	-	8,635	-	1,592	3,55,800	3,66,027
At March 31, 2023	17,216	3,69,408	49,955	95,850	12,28,904	17,61,333
Additions	94,157	77,904	858	27,462	2,09,356	4,09,737
Disposals	-	-	-	7,645	35,899	43,544
At March 31, 2024	1,11,373	4,47,312	50,813	1,15,667	14,02,361	21,27,526
Accumulated depreciation						
At April 01, 2022	17,216	2,60,517	44,535	65,594	3,75,860	7,63,722
Charge for the year	-	60,390	4,355	11,333	2,33,978	3,10,056
Disposals	-	3,429	-	1,362	1,52,839	1,57,630
At March 31, 2023	17,216	3,17,478	48,890	75,565	4,56,999	9,16,148
Charge for the year	12,964	47,164	359	15,736	2,42,753	3,18,976
Disposals	-	-	-	7,465	14,687	22,152
At March 31, 2024	30,180	3,64,642	49,249	83,836	6,85,065	12,12,972
Net book Value						
At March 31, 2024	81,193	82,670	1,564	31,831	7,17,296	9,14,554
At March 31, 2023	-	51,930	1,065	20,285	7,71,905	8,45,185

5. Capital Work in Progress

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Work in Progress	10,912	65,005

As at March 31, 2024

Particulars	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Other Capital work-in-progress	10,912	-	-	-	10,912
Total	10,912	-	-	-	10,912

There are no capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2024.

As at March 31, 2023

Particulars	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Other Capital work-in-progress	65,005	-	-	-	65,005
Total	65,005	-	-	-	65,005

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024
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6. Intangible Assets:

	<u>Computer softwares</u>
Cost	
At April 01, 2022	1,846
Additions	-
Disposals	-
At March 31, 2023	<u>1,846</u>
Additions	-
Disposals	-
At March 31, 2024	<u><u>1,846</u></u>
Accumulated amortisation	
At April 01, 2022	1,846
Charge for the year	-
Disposals	-
At March 31, 2023	<u>1,846</u>
Charge for the year	-
Disposals	-
At March 31, 2024	<u><u>1,846</u></u>
Net book Value	
At March 31, 2024	-
At March 31, 2023	-

7. Right to use asset:
Particulars

	<u>Right to use asset</u>
Cost	
At April 01, 2022	7,34,841
Additions	41,97,455
Disposals	-
At March 31, 2023	<u>49,32,296</u>
Additions	79,05,110
Disposals	-
At March 31, 2024	<u><u>1,28,37,406</u></u>
Accumulated amortisation	
At April 01, 2022	6,02,408
Charge for the year	6,49,448
Disposals	-
At March 31, 2023	<u>12,51,856</u>
Charge for the year	22,24,283
Disposals	-
At March 31, 2024	<u><u>34,76,139</u></u>
Net book Value	
At March 31, 2024	93,61,267
At March 31, 2023	36,80,440

ROYAL ENFIELD NORTH AMERICA LIMITED
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8. Investment in subsidiary

Particulars	As at March 31, 2024	As at March 31, 2023
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

9. Deferred Tax Assets/(liability), net

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets		
-Carry forward Losses	9,27,310	1,08,961
Deferred tax liability		
-Property, plant & equipment	(1,14,335)	(1,65,791)
-Prepaid expenses	(41,617)	(39,189)
Deferred tax asset / (liability), net	7,71,358	(96,019)

10. Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2024	As at March 31, 2023
Traded goods		
-Two Wheelers	1,93,92,642	2,28,27,250
-Spares & Allied Products	13,67,405	28,49,188
Total	2,07,60,047	2,56,76,438

Inventories are net of non-moving/slow-moving provisions amounting to USD 1,950,540 (March 31, 2023 : USD 1,172,278).

11. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - secured		
Trade receivables from related parties	7,04,013	3,94,807
Considered good - unsecured	9,22,668	42,96,658
Total	16,26,681	46,91,465

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	> 0 < 180 days	180 - 365 days	1 - 2 years	2 - 3 years	> 3 years	
Undisputed trade receivables - considered good	13,39,848	2,28,884	41,933	16,016	-	-	16,26,681
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	13,39,848	2,28,884	41,933	16,016	-	-	16,26,681

As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	> 0 < 180 days	180 - 365 days	1 - 2 years	2 - 3 years	> 3 years	
Undisputed trade receivables - considered good	45,52,217	1,39,248	-	-	-	-	46,91,465
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	45,52,217	1,39,248	-	-	-	-	46,91,465

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.

For terms and conditions for related party sales refer Note 36

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12. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	-	69
Balances with banks:		
In current accounts	7,64,308	3,41,361
Total	7,64,308	3,41,430

13. Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Non - Current		
Security deposits	6,200	6,200
Current		
Unsecured, considered good		
Warranty receivable from related parties	1,97,336	5,34,405
Total	1,97,336	5,34,405

14. Current Tax asset/(liability), Net

Particulars	As at March 31, 2024	As at March 31, 2023
Tax liabilities		
Provision for Income tax	-	12,95,616
Tax Assets		
Advance income tax	1,52,864	11,21,509
Total	1,52,864	(1,74,107)

15. Other current assets

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Advance to suppliers	5,15,264	2,39,600
Advance to employees	-	92,790
Prepaid expenses	1,98,176	1,86,616
Other Receivables	4,25,564	84,816
Total	11,39,004	6,03,822

16. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
1,00,000 (March 31, 2023 : 1,00,000) Equity shares (no face value)	52,42,601	52,42,601
Total	52,42,601	52,42,601
Issued, Subscribed and fully paid up		
1,00,000 (March 31, 2023 : 1,00,000) Equity shares (no face value)	52,42,601	52,42,601
Total	52,42,601	52,42,601

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, 2024	For the year ended March 31, 2023
At the beginning of the year (April 1, 2023: 1,00,000 and April 1, 2022: 1,00,000 Equity shares)	52,42,601	52,42,601
Issued during the year	-	-
Outstanding at the end of the year (March 31, 2024: 1,00,000 and March 31, 2023: 1,00,000 Equity shares)	52,42,601	52,42,601

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 shareholder.

% holding by Eicher Motors Limited as at March 31, 2024: 100% (March 31, 2023: 100%)

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17. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings		
Deficit in the statement of profit and loss		
Opening balance	43,05,595	(41,62,563)
Add: Profit/(Loss) for the year	(56,04,049)	84,68,158
Net Surplus/(deficit) in the statement of profit and loss	(12,98,454)	43,05,595

18. Lease liability

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Lease liability as per Ind AS 116	80,11,831	29,77,299
Total	80,11,831	29,77,299
Current		
Lease liability as per Ind AS 116	20,46,685	7,78,350
Total	20,46,685	7,78,350

19. Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
Working Capital loan from banks	1,23,90,000	1,12,00,000
Total	1,23,90,000	1,12,00,000

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 @ 7.17% p.a.

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ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

20. Trade payables

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Trade payables to related parties (also refer note 36)	64,02,026	92,68,092
Trade payables to others	23,20,817	19,07,788
Total	87,22,843	1,11,75,880

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,03,972	69,18,871	-	-	-	-	87,22,843
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	18,03,972	69,18,871	-	-	-	-	87,22,843

As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,56,074	93,29,216	2,90,590	-	-	-	1,11,75,880
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	15,56,074	93,29,216	2,90,590	-	-	-	1,11,75,880

21. Other financial liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Current		
Employee dues	3,55,144	2,61,171
Interest accrued but not due	11,735	52,327
Total	3,66,879	3,13,498

22. Contract Liability

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Advance from customers	1,51,301	1,46,804
Total	1,51,301	1,46,804

23. Other current liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Current		
Statutory remittances (Federal Tax payable, Payroll State tax and Milwaukee Sales tax)	78,383	47,516
Payable to employees	5,743	-
Total	84,126	47,516

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24. Revenue from contract with customers

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of traded goods		
Two-Wheelers	2,57,21,208	5,69,81,904
Spare parts,accessories and other allied products	17,87,372	22,26,419
Total (A)	2,75,08,580	5,92,08,323
Other Operating Revenue		
Freight Recovery	34,05,752	64,96,004
Total (B)	34,05,752	64,96,004
Grand Total (A+ B)	3,09,14,332	6,57,04,327

Reconciling the amount of revenue recognised in the statement off profit & loss with the contracted price

Revenue as per contracted price	3,07,86,641	5,94,73,122
Adjustments :		
- Trade Discount	(32,78,061)	(2,64,799)
	2,75,08,580	5,92,08,323

25. Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Miscellaneous income	8,674	-
Total	8,674	-

26. Purchases of traded goods

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Two wheelers	1,30,93,143	4,25,93,820
Spare parts, accessories and other allied products	28,91,269	45,31,109
Total	1,59,84,412	4,71,24,929

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventories at the end of the year		
Traded goods	2,07,60,047	2,56,76,438
Sub-total (A)	2,07,60,047	2,56,76,438
Inventories at the beginning of the year		
Traded goods	2,56,76,438	1,87,11,032
Sub-total (B)	2,56,76,438	1,87,11,032
Net change (B-A)	49,16,391	(69,65,406)

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024
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28. Employee benefit expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	31,58,759	26,63,609
Payroll taxes	2,47,201	1,86,576
Staff welfare expenses	12,949	7,013
Total	34,18,909	28,57,198

29. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense		
On borrowings	8,20,182	4,40,335
On bills discounting	6,61,790	5,64,217
On Lease liability	6,86,962	1,29,468
Total	21,68,934	11,34,020

30. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on property, plant and equipment (refer Note 4)	3,18,976	3,10,056
Depreciation on right to use asset (refer Note 7)	22,24,283	6,49,448
Total	25,43,259	9,59,504

31. Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spares	42,921	34,327
Power and fuel	5,475	4,469
Insurance	6,47,697	4,35,292
Repairs and maintenance	73,626	77,296
Rates and taxes	47,504	44,728
Advertisement	17,14,481	19,17,243
Freight and handling charges	25,34,271	47,17,420
Vehicle Hire Charges	77,758	68,793
Other selling and distribution expenses	9,70,594	12,08,952
Rental Expenses	8,61,941	10,13,413
Legal and professional charges	5,09,097	4,14,891
Travelling expenses	5,84,935	5,09,121
Testing & Inspection charges	24,556	4,319
Communication expenses	46,330	50,652
Miscellaneous expenses	1,90,963	2,69,139
Loss on Sale of Fixed Assets	17,965	44,509
Total	83,50,114	1,08,14,564

32. Income tax recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax		
In respect of the current year	12,414	12,15,341
Deferred tax		
In respect of the current year	(8,67,377)	96,019
Total income tax expense/(credit) recognised in the current year	(8,54,963)	13,11,360

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33. 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.

34. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly the basic earnings per share and diluted earnings per share is the same.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Profit/(Loss) for the year as per statement of profit and loss	(56,04,049)	84,68,158
b) Weighted average number of equity shares (Nos.)	1,00,000	1,00,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	(56.04)	84.68

35. 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, 2024	2,86,27,039	22,87,293	3,09,14,332
For the year ended March 31, 2023	6,13,43,172	43,61,155	6,57,04,327
Non-current segment assets			
As at March 31, 2024	1,12,17,155	13,280	1,12,30,435
As at March 31, 2023	45,96,829	13,280	46,10,109

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
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36. 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

b) Key Management Personnel:

Mr. Govindarajan Balakrishnan	Director
Mr. Krishnan Ramaswamy	Director
Mr. Shray Gupta	Director (w.e.f Sep 11, 2023)

c) Transactions with the related parties

Particulars	EML		RECA	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Issue of share capital	-	-	-	-
Subscription to Share Capital	-	-	-	-
Purchase of traded goods, packing materials	99,34,751	3,99,25,721	-	-
Sale of traded goods	-	-	21,50,454	41,76,249
Warranty claim	6,12,905	-	-	-
Purchase of fixed assets	-	-	-	-
Payment on behalf of EML	-	-	-	-
Expenses recovered	11,41,361	15,83,242	-	1,92,455
Expenses reimbursed	-	784	-	-
Net amount received on behalf	-	-	-	-
Aggregate balances outstanding as at the year end				
- Payables	64,02,026	92,68,092	-	-
- Receivables	4,49,721	6,73,438	2,54,292	4,16,346
- Employee benefits payable	-	-	-	-
- Guarantee taken	1,90,00,000	1,90,00,000	-	-

d) Transactions with key management personnel

Particulars	Mr. Krishnan Ramaswamy (Director)		Mr. Michael A Roark (Director)	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	2,99,515	3,63,113	-	57,862
Loans given	1,04,110	1,85,580	-	-
Balance (outstanding)/Receivable as at the year end	-	92,790	-	-

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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, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023 : 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.

The Company provides a credit period of 90 days with respect to trade payables to EML.

37. 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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Useful lives of depreciable assets

Management reviews useful lives of depreciable assets at each reporting. As at March 31, 2024 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.

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ROYAL ENFIELD NORTH AMERICA LIMITED
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38. The company does not have any litigation during the year or any litigation pending/contingent liabilities not provided for at the year end.

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

40. 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	As at
	March 31, 2024	March 31, 2023
Borrowings (refer note no. 19)	1,23,90,000	1,12,00,000
Less: cash and cash equivalents (refer note no. 12)	(7,64,308)	(3,41,430)
Net debt	1,16,25,692	1,08,58,570
Equity Share Capital	52,42,601	52,42,601
Other equity	(12,98,454)	43,05,595
Total Equity	39,44,147	95,48,196
Gearing ratio (%)	295	114

41. Financial instruments

Categories of financial instruments

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Financial assets at amortised cost		
Non-current		
Investment in subsidiaries	13,280	13,280
Other financial assets	6,200	6,200
Current		
Trade receivables	16,26,681	46,91,465
Cash and cash equivalents	7,64,308	3,41,430
Other financial assets	1,97,336	5,34,405
Financial liabilities at amortised cost		
Non-current		
Lease Liabilities	80,11,831	29,77,299
Current		
Lease Liabilities	20,46,685	7,78,350
Borrowings	1,23,90,000	1,12,00,000
Trade payables	87,22,843	1,11,75,880
Other financial liabilities	3,66,879	3,13,498

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42. 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, 2024	For the year ended March 31, 2023
Floating rate borrowings	1,23,90,000	1,12,00,000

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, 2024			
	Less than 1 year	1 to 5 years	>5 Years	Total
Non-current				
(i) Lease liability	-	80,11,831	-	80,11,831
Current				
(i) Borrowings	1,23,90,000	-	-	1,23,90,000
(ii) Lease liability	20,46,685	-	-	20,46,685
(iii) Trade payables	87,22,843	-	-	87,22,843
(iv) Other financial liabilities	3,66,879	-	-	3,66,879

Particulars	As at March 31, 2023			
	Less than 1 year	1 to 5 years	>5 Years	Total
Non-current				
(i) Lease liability	-	29,77,299	-	29,77,299
Current				
(i) Borrowings	1,12,00,000	-	-	1,12,00,000
(ii) Lease liability	7,78,350	-	-	7,78,350
(iii) Trade payables	1,11,75,880	-	-	1,11,75,880
(iv) Other financial liabilities	3,13,498	-	-	3,13,498

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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.

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

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44. 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

Particulars - Buildings	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	36,80,440	1,32,433
Depreciation charge for the Period	(22,24,283)	(6,49,448)
Additions during the Period	79,05,110	41,97,455
Adjustment/Deletion	-	-
Closing Balance	93,61,267	36,80,440

(ii) Classification of current and non current liabilities of the lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current liabilities	20,46,685	7,78,350
Non Current Liabilities	80,11,831	29,77,299
Total Lease liabilities	1,00,58,515	37,55,649

(iii) Movement in the carrying value of the Lease Liability

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	37,55,649	1,36,045
Interest Expense	6,86,962	1,29,468
Lease Payments [Total Cash Outflow]	(22,89,206)	(7,07,319)
Additions during the year	79,05,110	41,97,455
Closing Balance	1,00,58,515	37,55,649

(iv) Contractual Maturities of Lease liability outstanding

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	26,18,058	9,67,704
One to five Years	81,66,690	33,29,350
More than Five years	-	-
Total	1,07,84,748	42,97,054

Lease expenses relating to short term leases aggregated to USD Nil during the year ended March 31, 2024

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, 2024	For the year ended March 31, 2023
Depreciation expense of right-of-use assets	22,24,283	6,49,448
Interest expense on lease liabilities	6,86,962	1,29,468
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)	8,61,941	10,13,413
Total	37,73,186	17,92,329

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45. Ratio Analysis and its elements

Ratio	March 31, 2024	March 31, 2023	% change	Reason for variance
Current ratio: <i>Current Assets / Current Liabilities</i>	1.0	1.3	-22.9%	Not applicable
Debt- Equity Ratio: <i>Total Debt / Shareholder's Equity</i>	5.7	1.6	263.4%	Change in debt equity ratio is due to increase in borrowings and addition of lease during the year.
Debt Service Coverage ratio: <i>Earnings for debt service = Net profit after taxes + Non-cash operating expenses / Debt service = Interest & Lease Payments + Principal Repayments</i>	(0.8)	(3.0)	-73.5%	Change in Debt service coverage ratio is due to loss incurred during the year.
Return on Equity ratio: <i>Net Profits after taxes – Preference Dividend / Average Shareholder's Equity</i>	(0.8)	1.6	-151.9%	Change in return on equity ratio is due to loss incurred during the year.
Inventory Turnover ratio: <i>Cost of goods sold / Average Inventory</i>	0.9	1.8	-50.0%	Change in Inventory Turnover ratio is due to reduction in purchase of goods during the year.
Trade Receivable Turnover Ratio: <i>Net credit sales = Gross credit sales - sales return / Average Trade Receivable</i>	9.8	22.9	-57.3%	Decrease due to lower sales in the current year
Trade Payable Turnover Ratio: <i>Net credit purchases = Gross credit purchases - purchase return / Average Trade Payables</i>	1.6	3.7	-56.6%	Change due to decrease in purchase during the current year.
Net Capital Turnover Ratio: <i>Net sales = Total sales - sales return / Working capital = Current assets – Current liabilities</i>	42.6	8.2	419.6%	Change in net capital turnover ratio is on account of the decrease in sales in the current year and due to reduction in current ratio.
Net Profit ratio: <i>Net Profit / Net sales = Total sales - sales return</i>	-18.1%	12.9%	-240.7%	Change is due to Decrease in Net Sales in the current year
Return on Capital Employed: <i>Earnings before interest and taxes / Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability</i>	-16.3%	44.4%	-136.6%	Change is due to loss incurred in the current year.
Return on Investment: <i>Interest (Finance Income) / Investment</i>	0.0%	0.0%	-	Not applicable

In terms of our report attached
For **S.R. Battliboi & 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

Sonika Loganey
Partner
Membership No.: 095169

B Govindarajan
Director

Krishnan Ramaswamy
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Milwaukee
Date: May 08, 2024