

Royal Enfield (Thailand) Ltd.  
Report and financial statements  
31 March 2022

## Independent Auditor's Report

To the Shareholders of Royal Enfield (Thailand) Ltd.

### Opinion

I have audited the accompanying financial statements of Royal Enfield (Thailand) Ltd. ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the related statements of income and changes in shareholders' equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Royal Enfield (Thailand) Ltd. as at 31 March 2022 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

EY Office Limited

Bangkok: 3 May 2022

**Royal Enfield (Thailand) Ltd.**  
**Statement of financial position**  
**As at 31 March 2022**

		(Unit: Baht)	
	Note	2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		36,647,096	72,126,618
Trade and other receivables	5	2,080,510	245,532
Inventories	6	62,421,370	109,521,464
Other current assets			
VAT refundable		1,162,102	2,958,411
Others		3,234,549	1,470,618
<b>Total current assets</b>		<b>105,545,627</b>	<b>186,322,643</b>
<b>Non-current assets</b>			
Leasehold improvement and equipment	7	43,540,355	27,265,844
Other non-current assets		2,718,712	6,382,169
<b>Total non-current assets</b>		<b>46,259,067</b>	<b>33,648,013</b>
<b>Total assets</b>		<b>151,804,694</b>	<b>219,970,656</b>

The accompanying notes are an integral part of the financial statements.

Royal Enfield (Thailand) Ltd.

Statement of financial position (continued)

As at 31 March 2022

			(Unit: Baht)
	Note	2022	2021
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from bank	8	-	28,000,000
Trade and other payables	9	73,259,965	137,193,479
Other current liabilities		968,616	828,339
<b>Total current liabilities</b>		<b>74,228,581</b>	<b>166,021,818</b>
<b>Non-current liabilities</b>			
Provision for long-term employee benefits	10	2,743,826	2,113,750
<b>Total non-current liabilities</b>		<b>2,743,826</b>	<b>2,113,750</b>
<b>Total liabilities</b>		<b>76,972,407</b>	<b>168,135,568</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
22,950,000 ordinary shares of Baht 5 each			
(2021: 16,750,000 ordinary shares of Baht 5 each)	11	114,750,000	83,750,000
Issued and paid-up			
22,950,000 ordinary shares of Baht 5 each		114,750,000	83,750,000
(2021: 16,750,000 ordinary shares of Baht 5 each)			
Deficits		(39,917,713)	(31,914,912)
<b>Total shareholders' equity</b>		<b>74,832,287</b>	<b>51,835,088</b>
<b>Total liabilities and shareholders' equity</b>		<b>151,804,694</b>	<b>219,970,656</b>

The accompanying notes are an integral part of the financial statements.

Krishnan Ramaswamy

Directors

Shray Gupta

**Royal Enfield (Thailand) Ltd.**

**Income statement**

**For the year ended 31 March 2022**

		(Unit: Baht)	
	Note	2022	2021
<b>Revenues</b>			
Sales		329,977,791	414,632,067
Other income		224,093	437,303
<b>Total revenues</b>		<b>330,201,884</b>	<b>415,069,370</b>
<b>Expenses</b>			
Cost of sales		242,185,813	308,573,155
Selling and distribution expenses		58,078,099	71,825,467
Administrative expenses		37,683,529	28,680,949
<b>Total expenses</b>		<b>337,947,441</b>	<b>409,079,571</b>
<b>Profit (loss) before finance cost</b>		<b>(7,745,557)</b>	<b>5,989,799</b>
Finance cost		(257,244)	(112,087)
<b>Net profit (loss) for the year</b>	12	<b>(8,002,801)</b>	<b>5,877,712</b>

The accompanying notes are an integral part of the financial statements.

**Royal Enfield (Thailand) Ltd.**

**Statement of changes in shareholders' equity**

**For the year ended 31 March 2022**

(Unit: Baht)

	Issued and paid-up share capital	Deficits	Total
<b>Balance as at 1 April 2020</b>	83,750,000	(37,792,624)	45,957,376
Net profit for the year	-	5,877,712	5,877,712
<b>Balance as at 31 March 2021</b>	83,750,000	(31,914,912)	51,835,088
<b>Balance as at 1 April 2021</b>	83,750,000	(31,914,912)	51,835,088
Increase share capital (Note 11)	31,000,000	-	31,000,000
Net loss for the year	-	(8,002,801)	(8,002,801)
<b>Balance as at 31 March 2022</b>	114,750,000	(39,917,713)	74,832,287

The accompanying notes are an integral part of the financial statements.



**Royal Enfield (Thailand) Ltd.**  
**Notes to financial statements**  
**For the year ended 31 March 2022**

**1. General information**

**1.1 Corporate information**

Royal Enfield (Thailand) Ltd. ("the Company") is a limited company incorporated and domiciled in Thailand. Its parent company is Eicher Motors Limited, which was incorporated in India. The Company is principally engaged to carry on the business of manufacturing, import, export, wholesale trading of motorcycles, motorcycle parts, components, apparels and accessories including other related goods. The registered office of the Company is at 90 CW Tower, Building A, 21<sup>st</sup> Floor, Room A2101 Ratchadapisek Road, Huai Kwang Sub-District, Huai Kwang District, Bangkok.

**1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is currently impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### **3. Significant accounting policies**

#### **3.1 Revenue recognition**

##### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowance.

##### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### **3.2 Expense recognition**

The Company recognises expenses on an accrual basis.

#### **3.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **3.4 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the moving average method.

#### **3.5 Leasehold improvement and equipment and depreciation**

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any). Depreciation of leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Leasehold improvement	3 years
Furniture, fixtures and office equipment	2 - 5 years
Vehicles	5 years
Tool and machinery	2 - 15 years

Depreciation is included in determining income. No depreciation is provided on assets under installation and construction.

#### **3.6 Long-term leases**

Leases of assets which do not transfer substantially all the risks and rewards of ownership to lessee are classified as operating leases. Operating lease payments are recognised as an expense on the straight-line basis over the lease term.

### 3.7 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting period. Gains and losses on exchange rate are included in determining income.

### 3.8 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### 3.9 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## 4. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

## 5. Trade and other receivables

(Unit: Thousand Baht)		
	2022	2021
Trade accounts receivable	1,645	-
Other receivables - related party	436	246
Total	2,081	246

## 6. Inventories

(Unit: Thousand Baht)						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Raw materials	8,352	-	-	-	8,352	-
Finished goods	26,786	101,252	(1,825)	-	24,961	101,252
Goods in transit	29,108	8,269	-	-	29,108	8,269
Total	64,246	109,521	(1,825)	-	62,421	109,521

During the year 2022, the Company reduced cost of inventories by Baht 1.8 million (2021: None), to reflect the net realisable value. This was included in cost of sales.

## 7. Leasehold improvement and equipment

(Unit: Thousand Baht)

	Leasehold improvement	Furniture, fixtures and office equipment	Vehicles	Tool and machinery	Assets under installation and construction	Total
<b>Cost</b>						
1 April 2020	3,123	1,292	6,485	-	-	10,900
Additions	93	832	2,063	-	17,671	20,659
31 March 2021	3,216	2,124	8,548	-	17,671	31,559
Additions	-	-	-	-	22,264	22,264
Transfer in (out)	-	341	1,847	35,117	(37,305)	-
31 March 2022	3,216	2,465	10,395	35,117	2,630	53,823
<b>Accumulated depreciation</b>						
1 April 2020	423	132	669	-	-	1,224
Depreciation for year	1,053	561	1,455	-	-	3,069
31 March 2021	1,476	693	2,124	-	-	4,293
Depreciation for year	1,064	650	1,824	2,452	-	5,990
31 March 2022	2,540	1,343	3,948	2,452	-	10,283
<b>Net book value</b>						
31 March 2021	1,740	1,431	6,424	-	17,671	27,266
31 March 2022	676	1,122	6,447	32,665	2,630	43,540

## 8. Short-term loans from bank

As at 31 March 2022, there is no short-term loan from bank (2021: Baht 28 million, promissory notes payable to bank, carrying interest at rate of 1.60% per annum).

## 9. Trade and other payables

(Unit: Thousand Baht)

	2022	2021
Trade accounts payable - related party	33,420	86,540
Other payables	39,840	50,653
Total	73,260	137,193

## 10. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	2022	2021
Balance at beginning of year	2,114	978
Increase during the year	630	1,136
Balance at ending of year	2,744	2,114

The provision represents the Company's obligations payable to its employee when they reach a retirement age. It is determined based on the employee's age, length of employment services and salary increase rate, among other things.

The Company records its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

## 11. Share capital

On 9 February 2021, the Extraordinary General Meeting No.1/2021 of the Company's shareholders passed a resolution to increase the Company's registered share capital by Baht 31.00 million, from the existing registered share capital of Baht 83.75 million to Baht 114.75 million, by issuing 6.20 million newly issued ordinary shares, with a par value of Baht 5.00 each. The Company received the call amount of shares in full and registered the increase in its share capital with the Ministry of Commerce on 15 June 2021.

## 12. Income tax

The Company was not liable to corporate income tax for the year 2021 due to tax loss brought forward.

## 13. Commitments and contingent liabilities

### 13.1 Capital commitments

As at 31 March 2022, the Company had capital commitments (net of advances) of Baht 3.8 million, relating to acquisitions of tools and equipment (2021: Baht 12.1 million).

### 13.2 Operating lease and service commitments

The Company has entered into operating lease agreements in respect of the leases of office building space and factory space and other service agreements. The terms of the agreements are generally between 1 and 4 years. The lease and related service agreements are cancellable with prior notification.

Future minimum payments required under the above agreements were as follows.

	(Unit: Thousand Baht)	
	2022	2021
Payable:		
In up to 1 year	4,602	6,162
In over 1 and up to 4 years	1,870	5,477

#### **14. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 3 May 2022.