

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ROYAL ENFIELD CANADA LIMITED**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **ROYAL ENFIELD CANADA LIMITED** ("the Company"), a Company incorporated in Canada, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period April 19, 2016 to March 31, 2017, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Management of the Company is responsible for the preparation of these Ind AS Financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India and accounting policies followed by Eicher Motors Limited, the ultimate Holding Company as per Indian Accounting Standards (IND AS) prescribed under section 133 of the Companies Act, 2013.

This responsibility also includes maintenance of adequate accounting records for safeguarding 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on effectiveness of the Company's internal controls. An audit also



includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India and accounting policies followed by Eicher Motors Limited, the ultimate Holding Company, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the period April 19, 2016 to March 31, 2017.

Further, in our opinion and to the best of our information and according to the explanation given to us:

- i. The Company does not have any litigation pending at the period-end - Refer Note 19 to the financial statements;
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses- Refer Note 24 to the financial statements;

**Restriction on use and distribution**

These Ind AS financial statements have been prepared for purposes of providing information to Eicher Motors Limited to enable it to prepare the consolidated financial statements of the group. The financial information may, therefore, not be suitable for another purpose.

**FOR DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Jaideep Bhargava  
Partner  
(Membership No. 90295)

**GURUGRAM, May 5, 2017**

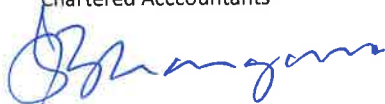


ROYAL ENFIELD CANADA LIMITED  
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in USD)

	Particulars	Note No.	As at March 31, 2017
<b>A</b>	<b>ASSETS</b>		
1	<b>Current assets</b>		
	(a) Inventories	4	40,261
	(b) Financial assets		
	(i) Trade receivables	5	73,934
	(ii) Cash and cash equivalents	6	16,341
	<b>Total Current Assets</b>		<b>1,30,536</b>
	<b>Total Assets</b>		<b>1,30,536</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	(a) Equity share capital	7	13,280
	(b) Other equity	8	11,107
	<b>Total Equity</b>		<b>24,387</b>
2	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Trade payables	9	97,429
	(b) Current tax liabilities	10	3,902
	(c) Other current liabilities	11	4,818
	<b>Total Current Liabilities</b>		<b>1,06,149</b>
	<b>Total Equity and Liabilities</b>		<b>1,30,536</b>
	See accompanying notes forming part of the financial statements	1 to 26	

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Jaideep Bhargava  
Partner

For and on Behalf of Board of Directors



Lalit Malik  
Director  
Royal Enfield Canada Limited

Place: Gurugram  
Date: 5-5-2017

Place: Gurugram  
Date: 5-5-2017



ROYAL ENFIELD CANADA LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD APRIL 19, 2016 to MARCH 31, 2017

(Amount In USD)

Particulars	Note No.	For the period April 19, 2016 to March 31, 2017
<b>Continuing Operations</b>		
I Revenue from operations	12	2,40,550
<b>Total Income</b>		2,40,550
II Expenses		
a) Purchases of stock-in-trade	13	2,63,363
b) Change in inventories of stock-in-trade	14	(40,261)
c) Finance costs	15	1,003
d) Other expenses	16	1,436
<b>Total expenses</b>		2,25,541
III Profit before tax (I-II)		15,009
IV Tax expense		
(1) Current tax	17	3,902
(2) Deferred tax		-
<b>Total tax expense (1)+ (2)</b>		3,902
V Profit for the period (III-IV)		11,107
Other comprehensive income		-
Total Comprehensive income for the period, net of tax		11,107
VI Earning per share (for continuing operations) in USD	20	
(1) Basic		116.91
(2) Diluted		116.91
(No Face value of shares defined as such)		
See accompanying notes forming part of the financial statements	1 to 26	

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on Behalf of Board of Directors



Jaideep Bhargava  
Partner



Lalit Malik  
Director  
Royal Enfield Canada Limited

Place: Gurugram  
Date: 5-5-2017

Place: Gurugram  
Date: 5-5-2017



ROYAL ENFIELD CANADA LIMITED  
STATEMENT OF CASH FLOWS FOR THE PERIOD APRIL 19,2016 to MARCH 31, 2017

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31,2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit after tax	11,107
Adjustments for:	
Finance costs	1,003
Provision for tax	3,902
<b>Operating profit/(loss) before changes in working capital</b>	<b>16,012</b>
<b>Movements in working capital:</b>	
(Increase) / decrease in Inventories	(40,261)
(Increase) / decrease in Trade receivables	(73,934)
Increase / (decrease) in Trade payables	97,429
Increase / (decrease) in Other Current liabilities	4,818
<b>Net Cash generated in operating activities (A)</b>	<b>4,064</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Net cash used in investing activities (B)	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Interest paid	(1,003)
Proceeds from issue of equity share capital	13,280
<b>Net cash generated from financing activities (C)</b>	<b>12,277</b>
<b>Net Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>16,341</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>16,341</b>

Particulars	For the period April 19, 2016 to March 31,2017
<b>Components of cash and cash equivalents</b>	
Cash on hand	-
<b>Balances with banks:</b>	
In current accounts	16,341
<b>Total cash and cash equivalents</b>	<b>16,341</b>

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Jaideep Bhargava  
Partner

For and on Behalf of Board of Directors



Lalit Malik  
Director  
Royal Enfield Canada Limited

Place: Gurugram  
Date: 5-5-2017

Place: Gurugram  
Date: 5-5-2017



**ROYAL ENFIELD CANADA LIMITED**  
**Statement of changes in equity for the period ended March 31, 2017**

**a. Equity share capital**

(Amount in USD)

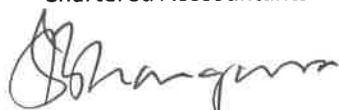
Particulars	Equity share capital
Opening Balance	-
Changes in equity share capital during the period	13,280
<b>Balance at March 31, 2017</b>	<b>13,280</b>

**b. Other Equity**

(Amount in USD)

Particulars	Retained earnings
Opening Balance	-
Profit/ (loss) for the period	11,107
<b>Balance at March 31, 2017</b>	<b>11,107</b>

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants



**Jaideep Bhargava**  
 Partner

**For and on Behalf of Board of Directors**



**Lalit Malik**  
 Director  
 Royal Enfield Canada Limited

Place: Gurugram  
 Date: 5-5-2017

Place: Gurugram  
 Date: 5-5-2017



**Royal Enfield Canada Limited**  
Notes forming part of financial statements

**1. General Information**

Royal Enfield Canada Limited ("RECA") was incorporated on April 19, 2016 under business corporation Act. The Company is into trading of two wheelers in Canada.

The accompanying financial statements have been prepared for enabling Eicher Motors Limited, the ultimate Holding Company, to prepare its consolidated financial statements.

**2. Basis of preparation and presentation**

**2.1 Statement of Compliance**

The financial statements have been prepared in accordance with IND-AS's notified under the Companies (Indian Accounting Standards) Rules, 2015.

**2.2 Accounting convention**

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

**2.3 Operating Cycle**

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

**3. Significant Accounting Policies**

**3.1 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**3.2 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.

**Royal Enfield Canada Limited**  
Notes forming part of financial statements

**3.3 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. 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is recognised, subject to the consideration of prudence on timing differences, being the Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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.

**3.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories 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.

**3.5 Provisions**

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

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

**3.6 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.

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**Royal Enfield Canada Limited**  
Notes forming part of financial statements

**3.7 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.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

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.

**3.8 Financial liabilities and equity instruments**

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. 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.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

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

**3.9 Cash flow statement**

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

**3.10 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.

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**Royal Enfield Canada Limited**  
Notes forming part of financial statements

**3.11 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company accounting policies described above, the management of the Company are 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. However, there are no 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.

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**ROYAL ENFIELD CANADA LIMITED**  
**Notes forming part of the financial statements**

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

(Amount in USD)

Particulars	As at
	March 31, 2017
Goods In Transit: Stock-in-trade (Two Wheelers)	40,261
<b>Total</b>	<b>40,261</b>

-The cost of inventories recognised as an expense during the period was USD 223,102.

-The cost of Inventories recognised as an expense does not include any amount in respect of write-down of inventory to net realisable value or reversal of such write-downs in the current period.

-Inventory of current year are expected to be recovered within 12 months.

**5. Trade receivables**

(Amount in USD)

Particulars	As at
	March 31, 2017
<b>Current</b> Unsecured, considered good	73,934
<b>Total</b>	<b>73,934</b>

-Based on past trends of the doubtful debts, the Company has not anticipated any expected credit loss allowance for trade receivables.

**Age of receivables**

(Amount in USD)

Particulars	As at
	March 31, 2017
Within the credit period	73,934
Less than 6 months	-
More than 6 months	-

-The concentration of the credit risk is very limited due to the fact that the customer base is segregated and unrelated.

**6. Cash and cash equivalents**

(Amount in USD)

Particulars	As at
	March 31, 2017
<b>Balances with banks:</b> In current accounts	16,341
<b>Total</b>	<b>16,341</b>

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ROYAL ENFIELD CANADA LIMITED  
Notes forming part of the financial statements

7. Share capital

(Amount in USD)

Particulars	As at March 31, 2017
<b>Authorised</b>	
100 Equity shares of no face value	13,280
<b>Total</b>	<b>13,280</b>
<b>Issued, Subscribed and fully paid up</b>	
At the beginning of the period	-
Issued during the period	13,280
Outstanding at the end of the period	13,280

Note: 100% Equity Share Capital is held by Royal Enfield North America Limited, the Holding Company

8. Other equity

(Amount in USD)

Particulars	As at March 31, 2017
<b>Surplus in the statement of profit and loss</b>	
Opening balance	-
Add: Profit for the period	11,107
<b>Net surplus in the statement of profit and loss</b>	<b>11,107</b>

9. Trade payables

(Amount in USD)

Particulars	As at March 31, 2017
Trade payables	97,429
<b>Total</b>	<b>97,429</b>

10. Current tax assets and liabilities

(Amount in USD)

Particulars	As at March 31, 2017
<b>Current tax liabilities</b>	
Provision for Income tax	3,902
<b>Total</b>	<b>3,902</b>

11. Other liabilities

(Amount in USD)

Particulars	As at March 31, 2017
<b>Current</b>	
Statutory remittances	4,818
<b>Total</b>	<b>4,818</b>

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ROYAL ENFIELD CANADA LIMITED  
Notes forming part of the financial statements

12. Revenue from operations

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31,2017
Revenue from operations	
Sales of goods	2,40,550
<b>Total</b>	<b>2,40,550</b>

Particulars	For the period April 19, 2016 to March 31,2017
Details of products sold	
Two-Wheelers	2,40,550
<b>Total</b>	<b>2,40,550</b>

13. Purchases of stock-in-trade

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31,2017
Two wheelers	2,63,363
<b>Total</b>	<b>2,63,363</b>

14. Change in inventories of stock-in-trade

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31,2017
Inventories at the end of the period	
Stock-in-trade (Two Wheelers)	40,261
<b>A</b>	<b>40,261</b>
Inventories at the beginning of the period	
Stock-in-trade (Two Wheelers)	-
<b>B</b>	<b>-</b>
<b>Net change (B-A)</b>	<b>(40,261)</b>

15. Finance costs

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31,2017
Interest expense	
On others	1,003
<b>Total</b>	<b>1,003</b>

16. Other expenses

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31,2017
Repairs and maintenance	
Others	60
Legal and professional charges	1,292
Exchange loss (net)	70
Miscellaneous expenses	14
<b>Total</b>	<b>1,436</b>

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**ROYAL ENFIELD CANADA LIMITED**  
**Notes forming part of the financial statements**

**17. Income tax recognised in Statement of profit and loss**

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31, 2017
<b>Current tax</b> In respect of the current period	3,902
<b>Deferred tax</b> In respect of the current period	-
<b>Total income tax expense recognised in the current period</b>	<b>3,902</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in USD)

Particulars	For the period April 19, 2016 to March 31, 2017
Profit before tax	15,009
Income tax expense calculated @ 26 %	3,902
Net Effect	3,902
Income tax expense recognised in profit or loss	3,902

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**ROYAL ENFIELD CANADA LIMITED****Notes forming part of the financial statements****18. 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 long term commitments or material non-cancellable contractual commitments/contracts. which might have material imoact on the financial statements.

19. The company does not have any litigation during the year or any litigation pending at the period end.

**20. Earnings per share**

(Amount in USD)

Particulars	For the period April 19, 2016
	to March 31, 2017
a) Profit for the period, as per statement of profit and loss	11,107
b) Weighted average number of equity shares (Nos.)	95
c) Earnings per share:	
- Basic/Diluted [(a)/(b)]	116.91

**21. Segment reporting:**

As the Company's business activities fall within a single primary business segment viz. "Automobile products and related components" and operates in a single geographical separate segment, the disclosure requirements of Ind AS 108 "Operating segment" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, are not applicable.

**22. Related party disclosures**

a) Names of related parties and their relationship:

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

b) Transactions with the related parties

(Amount in USD)

Particulars	RENA
	For the period April 19, 2016
	to March 31, 2017
Share capital	13,280
Purchase of stock-in-trade	2,63,363
Expenses reimbursed	10,910
Money received on behalf of Company	1,97,724
<b>Aggregate balances outstanding as at the year end</b>	
- Payables	95,949
- Receivables	10,615

**ROYAL ENFIELD CANADA LIMITED**  
**Notes forming part of the financial statements**

**23. Financial Instruments**

**Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Capital structure of the Company consists of total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

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.

**Disclosure and Categories of financial Instruments**

This section provides additional information on balance sheet items that contain financial instruments:-

The following methods and assumptions were used to estimate the fair values :-

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

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

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

The following table categorise the financial instruments measured at fair value accompanied into Level 1 to Level 3, as described below.

	Carrying amount As at March 31, 2017	Fair value		
		Level 1	Level 2	Level 3
<b>Financial assets at amortised cost</b>				
<b>Current</b>				
Trade receivables	73,934	-	-	-
Cash and bank balances	16,341	-	-	-
<b>Total</b>	<b>90,275</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current - Financial liabilities</b>				
Trade payables	97,429	-	-	-
<b>Total</b>	<b>97,429</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Amount in USD)

**Notes:**

Fair value of cash and deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

**23.1 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 interest risk and liquidity risk.

**Liquidity risk**

(Amount in USD)

As at March 31, 2017	Less than 1 year	1 to 5 years	>5 Years	Total
Trade payables	97,429	-	-	97,429


The Parent Company's financial support and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

24. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

25. The Company is incorporated in Canada. However, functional currency of the Company is USD which is used for the presentation for the financial statements of the Company.

26. The Company is incorporated on April 19, 2016. This being the first accounting period of the Company post incorporation, there are no previous period figures.

For and on behalf of Board of Directors

  
**Lalit Malik**  
 Director  
 Royal Enfield Canada Limited

Place: Gurugram

Date: 5-5-2017

