

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA**

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

We have audited the accompanying Ind AS financial statements of **ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA** ("the Company"), a Company incorporated in the Brazil, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, 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 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 Holding Company, of the state of affairs of the Company as at March 31, 2017, its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

- i. The Company does not have any litigation pending at the year-end - Refer Note 23 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 28 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 BRASIL COMERCIO DE MOTOCICLETAS LTDA  
BALANCE SHEET AS AT MARCH 31, 2017  
ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED

Particulars		Note	As at March 31, 2017	As at March 31, 2016
<b>ASSETS</b>				
1	<b>Non-current assets</b>			
	(a) Property, plant and equipment	4	3,35,421	2,912
	(b) Other non-current assets	9	31,846	-
	(c) Deferred tax assets	5	-	2,33,109
	<b>Total Non-Current Assets</b>		<b>3,67,267</b>	<b>2,36,021</b>
2	<b>Current assets</b>			
	(a) Inventories	6	8,04,872	-
	(b) Financial assets			
	(i) Cash and cash equivalents	7	13,71,076	2,05,644
	(ii) Others financial assets	8	17,930	8,356
	(c) Other current assets	9	4,58,065	5,034
	<b>Total Current Assets</b>		<b>26,51,943</b>	<b>2,19,034</b>
	<b>Total Assets (1+2)</b>		<b>30,19,210</b>	<b>4,55,055</b>
<b>EQUITY AND LIABILITIES</b>				
1	<b>Equity</b>			
	(a) Equity share capital	10	47,13,570	8,10,349
	(b) Other equity	11	(27,40,021)	(4,68,073)
	<b>Total Equity</b>		<b>19,73,549</b>	<b>3,42,276</b>
2	<b>Current liabilities</b>			
	(a) Financial liabilities			
	(i) Trade payables	12	8,38,710	21,162
	(ii) Other financial liabilities	13	1,46,163	55,144
	(b) Other current liabilities	14	60,788	36,473
	<b>Total Current Liabilities</b>		<b>10,45,661</b>	<b>1,12,779</b>
	<b>Total Equity and Liabilities (1+2)</b>		<b>30,19,210</b>	<b>4,55,055</b>
	See accompanying notes to the financial statements	1 to 29		

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

  
Jaideep Bhargava  
Partner

For and on behalf of the Company

  
Lalit Malik  
Representative of Eicher Motors Limited, a shareholder of the Company

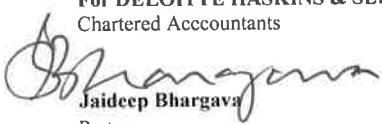
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Date: 5-5-2017

Place: Gurugram  
Date: 5-5-2017




ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA  
 STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017  
 ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED

Particulars	Note	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
<b>Income</b>			
Revenue from operations		-	-
Other income	15	11,210	-
<b>Total Income</b>		11,210	-
<b>Expenses</b>			
Purchases of stock-in-trade	16	8,04,872	-
Change in inventories of stock-in-trade	17	(8,04,872)	-
Employee benefits expenses	18	11,67,733	4,16,419
Depreciation	4	9,277	385
Other expenses	19	8,73,039	2,83,378
<b>Total expenses</b>		20,50,049	7,00,182
<b>Profit/ (Loss) before tax</b>		(20,38,839)	(7,00,182)
<b>Tax expense</b>			
Current tax		-	-
Deferred tax charge/(benefit)	20	2,33,109	(2,33,109)
<b>Total tax expense</b>		2,33,109	(2,33,109)
<b>Profit/(Loss) for the year/period</b>		(22,71,948)	(4,67,073)
<b>Other comprehensive income</b>		-	-
<b>Total Comprehensive income for the year/period, net of tax</b>		(22,71,948)	(4,67,073)
<b>Earnings per share</b>	21		
Basic			
Diluted		(0.98)	(2.68)
(Face value of BRL 1 per share) (in BRL)		(0.98)	(2.68)
<b>See accompanying notes to the financial statements</b>	1 to 29		

In terms of our report attached  
 For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants  
  
 Jaideep Bhargava  
 Partner

For and on behalf of the Company

  
 Lalit Malik  
 Representative of Eicher Motors Limited, a shareholder of the Company

Place: Gurugram  
 Date: 5-5-2017

Place: Gurugram  
 Date: 5-5-2017



**ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017**  
 ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) after tax	(22,71,948)	(4,67,073)
Adjustments for:		
Depreciation	9,277	385
Deferred tax charge/(benefit)	2,33,109	(2,33,109)
<b>Operating profit/(loss) before changes in working capital</b>	<b>(20,29,562)</b>	<b>(6,99,797)</b>
<b>Movements in working capital:</b>		
(Increase) / decrease in Other financial assets	(9,574)	-
(Increase) / decrease in Inventories	(8,04,872)	-
(Increase) / decrease in Other assets	(4,53,031)	(13,390)
Increase / (decrease) in Trade payables	8,17,548	21,162
Increase / (decrease) in Other liabilities	1,15,334	91,617
<b>Net cash used in operating activities (A)</b>	<b>(23,64,157)</b>	<b>(6,00,408)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for Property, plant and equipment (including capital advances)	(3,73,632)	(3,297)
<b>Net cash used in investing activities (B)</b>	<b>(3,73,632)</b>	<b>(3,297)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	39,03,221	8,09,349
<b>Net cash generated from financing activities (C)</b>	<b>39,03,221</b>	<b>8,09,349</b>
<b>Net Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>11,65,432</b>	<b>2,05,644</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,05,644</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>13,71,076</b>	<b>2,05,644</b>

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
<b>Components of cash and cash equivalents</b>		
<b>Balances with banks:</b>		
In current accounts	13,71,076	2,05,644
<b>Total cash and cash equivalents (Refer Note 7)</b>	<b>13,71,076</b>	<b>2,05,644</b>
<b>See accompanying notes to the financial statements</b>	<b>1 to 29</b>	

In terms of our report attached  
 For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants



**Jaideep Bhargava**  
 Partner

For and on behalf of the Company



**Lalit Malik**  
 Representative of Eicher Motors Limited, a shareholder of the Company

Place: Gurugram  
 Date: 5-5-2017

Place: Gurugram  
 Date: 5-5-2017



**ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED**

**Statement of changes in equity for the year ended March 31, 2017**

**A. Equity share capital**

	Number of Shares	Amount
<b>Balance as at April 1, 2015</b>	1,000	1,000
Changes in equity share capital during the year/period		
Issue of equity shares	8,09,349	8,09,349
<b>Balance as at March 31, 2016</b>	<u>8,10,349</u>	<u>8,10,349</u>
Changes in equity share capital during the year/period		
Issue of equity shares	39,03,221	39,03,221
<b>Balance as at March 31, 2017</b>	<u>47,13,570</u>	<u>47,13,570</u>

**B. Other Equity**

Particulars	Retained Earnings
<b>Balance as at April 1, 2015</b>	<b>(1,000)</b>
Profit for the period	(4,67,073)
Total Comprehensive Income for the period	(4,67,073)
<b>Balance as at March 31, 2016</b>	<b>(4,68,073)</b>
Profit for the year	(22,71,948)
Total Comprehensive Income for the year	(22,71,948)
<b>Balance as at March 31, 2017</b>	<b>(27,40,021)</b>

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Company**



**Jaideep Bhargava**  
Partner



**Lalit Malik**  
Representative of Eicher Motors Limited,  
a shareholder of the Company

Place: Gurgaon  
Date: 5-5-2017

Place: Gurgaon  
Date: 5-5-2017



## **1. General Information**

Royal Enfield Brasil Comercio De Motocicletas Ltda was acquired on August 18, 2014, a corporation set up under the Laws of Brazil. The Company is into trading of two wheelers, spares and accessories in the Brazil.

The accompanying financial statements have been prepared for enabling Eicher Motors Limited, 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:

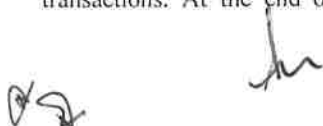
- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- 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 Leasing**

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### **3.3 Foreign currencies**

In preparing the financial statements of the Company transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are



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

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

### **3.4 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.

### **3.5 Employee benefits**

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

### **3.6 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.

### **3.7 Property, plant and equipment**

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

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

Estimated useful lives of the assets are as follows:

Asset	Useful life
Office Equipment	5 years
Computers-End user devices	3 years
Vehicles	5 years



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

### **3.8 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.

### **3.9 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).

### **3.10 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.

### **3.11 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.

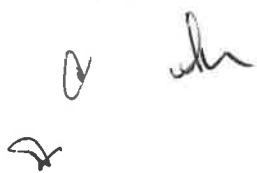
#### Derecognition of financial assets

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.

### **3.12 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.

**3.13 Cash flow statement**

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

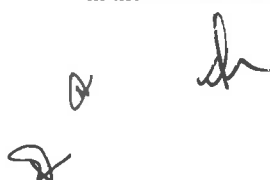
**3.14 Earnings per share**

Basic earnings per share 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.

**3.15 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 BRASIL COMERCIO DE MOTOCICLETAS LTDA**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED**

**4. Property, plant and equipment**

<b>Particulars</b>	<b>Vehicles</b>	<b>Office equipment</b>	<b>Total</b>
<b>At Cost</b>			
At 31 March 2016	-	3,297	3,297
Additions	3,23,484	18,302	3,41,786
<b>At 31 March 2017</b>	<b>3,23,484</b>	<b>21,599</b>	<b>3,45,083</b>
<b>Accumulated depreciation</b>			
At 31 March 2016	-	385	385
Depreciation expense	7,536	1,741	9,277
<b>At 31 March 2017</b>	<b>7,536</b>	<b>2,126</b>	<b>9,662</b>
<b>Net block</b>			
At 31 March 2016	-	2,912	2,912
<b>At 31 March 2017</b>	<b>3,15,948</b>	<b>19,473</b>	<b>3,35,421</b>

ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
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5. Deferred tax assets

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Deferred tax assets on</b>		
Carry forward business losses	-	2,16,980
Accrued expenses deductible on payment	-	16,129
	-	2,33,109

\* In view of tax losses in current year and unabsorbed tax losses of previous year, deferred tax assets has not been recognised in these financial statements

6. Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2017	As at March 31, 2016
Stock-in-trade		
Two wheelers	6,70,985	-
(Includes goods in transit of BRL 1,58,974 (March 31, 2016: BRL Nil))		
Spare parts and other allied products	1,33,887	-
(Includes goods in transit of BRL 6,666 (March 31, 2016: BRL Nil))		
<b>Total</b>	<b>8,04,872</b>	<b>-</b>

-The cost of inventories recognised as an expense during the year in respect of continuing operations was BRL Nil (previous period BRL Nil)

-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 year as well as in previous period.

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

7. Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016
Cash on hand	-	-
<b>Balances with banks:</b>		
In current accounts	13,71,076	2,05,644
<b>Cash and cash equivalents</b>	<b>13,71,076</b>	<b>2,05,644</b>

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**ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED**

**8. Other financial assets**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Current</b>		
Unsecured, considered good Security deposits	17,930	8,356
	<b>17,930</b>	<b>8,356</b>

Note: These financial assets are amortised at cost

**9. Other assets**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Non-current</b>		
Unsecured, considered good Capital advances	31,846	-
<b>Total</b>	<b>31,846</b>	<b>-</b>
<b>Current</b>		
Unsecured, considered good Advances to suppliers	63,749	
<b>Other advances</b>		
Prepaid expenses	17,383	5,034
Advance to employees	12,006	-
Balance with government authorities	3,64,927	-
<b>Total</b>	<b>4,58,065</b>	<b>5,034</b>

**ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**ALL AMOUNTS ARE IN BRL UNLESS OTHERWISE STATED**

**10. Share capital**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b> 21,01,655 (20,00,000) Equity shares of BRL 1 each	<b>21,01,655</b>	20,00,000
<b>Total</b>	<b>21,01,655</b>	20,00,000
<b>Issued, Subscribed and fully paid up</b>		
At the beginning of the year	<b>8,10,349</b>	1,000
Issued during the year/period	<b>39,03,221</b>	8,09,349
<b>Outstanding at the end of the year/period</b>	<b>47,13,570</b>	8,10,349

Note : 100% share capital is held by Eicher Motors Limited, the holding company and its nominee.

**11. Other equity**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Retained earnings</b>		
Opening balance	<b>(4,68,073)</b>	(1,000)
Add: Profit/(loss) for the year/period	<b>(22,71,948)</b>	(4,67,073)
<b>Balance at end of year</b>	<b>(27,40,021)</b>	(4,68,073)

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12. Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables	8,38,710	21,162
<b>Total</b>	<b>8,38,710</b>	<b>21,162</b>

13. Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Current</b>		
Employee dues	1,46,163	55,144
<b>Total</b>	<b>1,46,163</b>	<b>55,144</b>

14. Other liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Current</b>		
Statutory remittances (Payroll State tax and others tax )	60,788	36,473
<b>Total</b>	<b>60,788</b>	<b>36,473</b>

*[Handwritten signatures and initials]*

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15. Other income

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
<b>Interest income earned on financial assets carried at amortised cost</b>		
Bank deposits	7,948	-
	7,948	-
Miscellaneous income	1,685	-
<b>Total</b>	<b>1,685</b>	<b>-</b>
<b>Other gains and losses</b>		
Exchange gain (net)	1,577	-
	1,577	-
	11,210	-

16. Purchases of stock-in-trade

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
Two wheelers	6,70,985	-
Spare parts and other allied products	1,33,887	-
<b>Total</b>	<b>8,04,872</b>	<b>-</b>

17. Change in inventories of stock-in-trade

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
<b>Inventories at the end of the year/period</b>		
Stock-in-trade	8,04,872	-
	A 8,04,872	-
<b>Inventories at the beginning of the year/period</b>		
Stock-in-trade	-	-
	B -	-
<b>Net change (B-A)</b>	<b>(8,04,872)</b>	<b>-</b>



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18. Employee benefits expenses

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
Salaries and wages	8,18,925	2,98,021
Contribution to social security	2,85,682	96,462
Staff welfare expenses	63,126	21,936
<b>Total</b>	<b>11,67,733</b>	<b>4,16,419</b>

19. Other expenses

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
Insurance	317	-
Repairs and maintenance - others	15,597	20,929
Rates and taxes	30,636	8,541
Freight and handling charges	15,160	-
Other selling and distribution expenses	1,68,900	-
Rent	1,56,986	54,704
Legal and professional charges	3,93,897	1,73,103
Travelling expenses	36,321	17,494
Miscellaneous expenses	55,225	8,607
<b>Total</b>	<b>8,73,039</b>	<b>2,83,378</b>

*[Handwritten signatures]*

20. Income tax recognised in Statement of profit and loss

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
Current tax In respect of the current year/period	-	-
Deferred tax In respect of the current year/period	2,33,109	(2,33,109)
Total income tax expense recognised in the current year/period relating to continuing operations	2,33,109	(2,33,109)

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

Particulars	For the Year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
Profit/ (loss) before tax from continuing operations	(20,38,839)	(7,00,182)
Income tax expense calculated at 34 %	(6,93,205)	(2,38,062)
Effect of unused tax losses and tax offset not recognised as deferred tax assets	(9,26,314)	4,953
Net Effect	2,33,109	(2,33,109)
Income tax expense recognised in profit or loss	2,33,109	(2,33,109)

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**21. Earnings per share**

Particulars	For the year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
<b>Basic earnings per share</b>	(0.98)	(2.68)
<b>Diluted earnings per share</b>	(0.98)	(2.68)
<b>Basic earnings per share</b>		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.		
Profit/(loss) for the year/period, per statement of profit and loss (in BRL)	(22,71,948)	(4,67,073)
Weighted average number of equity shares for the purposes of basic/diluted earnings per share	23,13,888	1,74,727

22. 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 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 impact on the financial statements.

23. The Company does not have any litigation pending at the year end.

**24. 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 separate segment. Therefore, 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.

**25. Related party disclosures**

a) Names of related parties and their relationship:

Name of related party	Nature of Relationship
Eicher Motors Limited (EML)	Holding Company

b) Transactions with the related parties

Particulars	For the year ended March 31, 2017	For the period August 18, 2014 to March 31, 2016
Issue of share capital	39,03,221	8,09,349
Purchase of stock-in-trade	6,44,768	-
Purchase of fixed assets (vehicles)	1,30,839	-
Reimbursement of Expenses	49,407	-
Aggregate balances outstanding as at the year end	8,25,014	-
- Payables		

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*dh*

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26. Financial instruments

26.1 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 efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity and support from holding Company.

The Company is not subject to any externally imposed capital requirements

The Company reviews the capital nature 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 grouped into Level 1 to Level 3, as described above.

	Carrying amount	Fair value		
	As at March 31, 2016	Level 1	Level 2	Level 3
<b>Financial assets at amortised cost</b>				
Current				
Cash and bank balances	2,05,644			
Other financial assets	8,356			
<b>Total</b>	<b>2,14,000</b>	-	-	-
<b>Financial liabilities at amortised cost</b>				
Current				
Trade payables	21,162			
Other financial liabilities	55,144			
<b>Total</b>	<b>76,306</b>	-	-	-

	Carrying amount	Fair value		
	As at March 31, 2017	Level 1	Level 2	Level 3
<b>Financial assets at amortised cost</b>				
Current				
Cash and bank balances	13,71,076	-	-	-
Other financial assets	17,930	-	-	-
<b>Total</b>	<b>13,89,006</b>	-	-	-
<b>Financial liabilities at amortised cost</b>				
Current				
Trade payables	8,38,710	-	-	-
Other financial liabilities	1,46,163	-	-	-
<b>Total</b>	<b>9,84,873</b>	-	-	-

Notes:

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

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26.2 Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks includes liquidity risk.

Liquidity risk

	(Amount in BRL)			
As at March 31, 2016	Less than 1 year	1 to 5 years	>5 Years	Total
Trade payables	21,162	-	-	21,162
Other financial liabilities	55,144	-	-	55,144

As at March 31, 2017	Less than 1 year	1 to 5 years	>5 Years	Total
Trade payables	8,38,710	-	-	8,38,710
Other financial liabilities	1,46,163	-	-	1,46,163

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

27. The Company did not enter into any financial transactions for the period August 18, 2014 to December 31, 2014.
28. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
29. The previous period financial statements have been prepared for the period August 18, 2014 to March 31, 2016 whereas the current year figures are year ended March 31, 2017. Hence the figures for the two periods are not comparable.

For and on behalf of the Company

  
Lalit Malik  
Representative of Eicher Motors Limited.

Place: Gurugram

Date: 5-5-2017