

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **ROYAL ENFIELD NORTH AMERICA LIMITED** ("the Company"), a Company incorporated in the United States of America, which comprise the Balance Sheet as at March 31, 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 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, and 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 explanation given to us:

- i. The Company does not have any litigation pending at the year-end - Refer Note 29 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 34 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

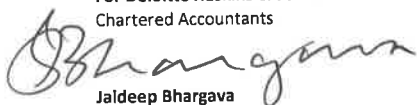
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ROYAL ENFIELD NORTH AMERICA LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in USD)

		Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
A	1	ASSETS			
		Non-current assets			
		(a) Property, plant and equipment	4	3,13,371	1,65,063
		(b) Other intangible assets	5	2,968	549
		(c) Financial assets			
		(i) Investments	6	13,280	-
		(ii) Other financial assets	7	3,100	3,000
		(d) Other non-current assets	8	3,125	-
		(e) Deferred Tax assets	9	-	6,82,810
		Total Non-Current Assets		3,35,844	8,51,422
	2	Current assets			
		(a) Inventories	10	32,99,232	20,02,764
		(b) Financial assets			
		(i) Trade receivables	11	5,69,412	2,34,597
		(ii) Cash and cash equivalents	12	2,34,041	6,44,959
(iii) Other financial assets		7	14,402	-	
(c) Other current assets		8	79,497	19,050	
Total Current Assets			41,96,584	29,01,370	
Total Assets				45,32,428	37,52,792
B	1	EQUITY AND LIABILITIES			
		Equity			
		(a) Equity share capital	13	27,42,601	23,32,601
		(b) Other equity	14	(56,15,696)	(13,25,455)
		Total Equity		(28,73,095)	10,07,146
	2	Current liabilities			
		(a) Financial liabilities			
		(i) Borrowings	15	68,50,000	-
		(ii) Trade payables	16	2,35,497	25,48,572
		(iii) Other financial liabilities	17	2,84,845	1,31,697
(b) Other current liabilities	18	35,181	65,377		
Total Current Liabilities		74,05,523	27,45,646		
Total Equity and Liabilities				45,32,428	37,52,792
See accompanying notes forming part of the financial statements			1 to 35		

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


Jaideep Bhargava
Partner

Place: Gurugram
Date: 5-5-2017



For and on Behalf of Board of Directors


Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: 5-5-2017

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount In USD)

Particulars	Note No.	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Continuing Operations			
I Revenue from operations	19	24,23,558	3,22,925
II Other income	20	427	349
III Total Income (I+II)		24,23,985	3,23,274
IV Expenses			
a) Purchases of stock-in-trade	21	33,24,692	22,58,972
b) Change in inventories of stock-in-trade	22	(12,62,378)	(20,02,764)
c) Employee benefits expenses	23	22,26,134	10,94,551
d) Finance costs	24	1,13,615	-
e) Depreciation and amortisation expenses	25	65,903	7,939
f) Other expenses	26	15,63,450	9,72,841
Total expenses (IV)		60,31,416	23,31,539
V Profit/(Loss) before tax (III - IV)		(36,07,431)	(20,08,265)
VI Tax expense			
(1) Current tax		-	-
(2) Deferred tax charge/(benefit)	27	6,82,810	(6,82,810)
Total tax expense		6,82,810	(6,82,810)
VII Profit/(Loss) for the year/ period (V - VI)		(42,90,241)	(13,25,455)
Other comprehensive income		-	-
Total Comprehensive income for the year, net of tax		(42,90,241)	(13,25,455)
VIII Earning per share (for continuing operations) in USD			
(1) Basic	30	(42.90)	(13.25)
(2) Diluted (No Face value of shares defined as such)		(42.90)	(13.25)
See accompanying notes forming part of the financial statements	1 to 35		

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


Jaideep Bhargava
Partner

Place: Gurugram
Date: 5-5-2017

For and on Behalf of Board of Directors


Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: 5-5-2017



ROYAL ENFIELD NORTH AMERICA
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017


(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) after tax	(42,90,241)	(13,25,455)
Adjustments for:		
Depreciation and amortisation expenses	65,903	7,939
Finance costs	1,13,615	-
Deferred tax charge/(benefit)	6,82,810	(6,82,810)
Operating profit/(loss) before changes in working capital	(34,27,913)	(20,00,326)
Movements in working capital:		
(Increase) / decrease in Other current financial assets	(14,402)	-
(Increase) / decrease in Inventories	(12,96,468)	(20,02,764)
(Increase) / decrease in Trade receivables	(3,34,815)	(2,34,597)
(Increase) / decrease in Other current assets	(60,447)	(22,050)
(Increase) / decrease in Other non-current financial assets	(100)	-
Increase / (decrease) in Trade payables	(23,13,075)	25,48,572
Increase / (decrease) in Other financial liabilities	1,04,315	1,31,697
Increase / (decrease) in Other current liabilities	(30,196)	65,377
Cash used in operating activities (A)	(73,73,101)	(15,14,091)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Property, plant and equipment (Including capital advances)	(2,28,573)	(1,73,551)
Proceeds from disposal of property, plant and equipment	8,818	-
Investment in share capital of subsidiary company	(13,280)	-
Net cash used in investing activities (B)	(2,33,035)	(1,73,551)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(64,782)	-
Proceeds from short term borrowings	68,50,000	-
Proceeds from issue of equity share capital	4,10,000	23,32,601
Net cash generated from financing activities (C)	71,95,218	23,32,601
Net Increase in cash and cash equivalents (A) + (B) + (C)	(4,10,918)	6,44,959
Cash and cash equivalents at the beginning of the year/ period	6,44,959	-
Cash and cash equivalents at the end of the year/ period	2,34,041	6,44,959

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Components of cash and cash equivalents		
Cash on hand	282	1
Balances with banks:		
In current accounts	2,33,759	6,44,958
Total cash and cash equivalents	2,34,041	6,44,959

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 North America Limited

Place: Gurugram
Date: 5-5-2017

Place: Gurugram
Date: 5-5-2017



ROYAL ENFIELD NORTH AMERICA LIMITED
Statement of changes in equity for the year ended March 31, 2017

a. Equity share capital

(Amount in USD)

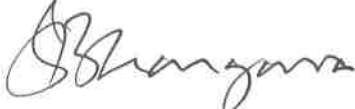
Particulars	Equity share capital
Opening Balance	-
Changes in equity share capital during the period	23,32,601
Balance at March 31, 2016	23,32,601
Changes in equity share capital during the year	4,10,000
Balance at March 31, 2017	27,42,601

b. Other Equity

(Amount in USD)

Particulars	Retained earnings
Opening Balance	-
Profit/ (loss) for the period	(13,25,455)
Balance at March 31, 2016	(13,25,455)
Profit/ (loss) for the year	(42,90,241)
Balance at March 31, 2017	(56,15,696)

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 North America Limited

Sign

Place: Gurugram
 Date: 5-5-2017

Place: Gurugram
 Date: 5-5-2017

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Royal Enfield North America Limited

Notes forming part of financial statements

1. General Information

RENA was incorporated on March 23, 2015 as Wisconsin Stock For Profit Corporation under chapter 180 of the Wisconsin Statutes. The Company is into trading of two wheelers, spares and accessories in the United States of America.

The accompanying financial statements have been prepared for 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.

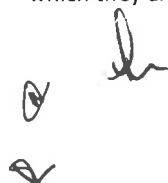
Sale of goods

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.



Royal Enfield North America Limited
Notes forming part of financial statements

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.

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Royal Enfield North America Limited
Notes forming part of financial statements

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
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.

3.8 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.

Estimated useful lives of intangible assets

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

3.9 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.

3.10 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).

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Royal Enfield North America Limited
Notes forming part of financial statements

3.11 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.

3.12 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.

3.13 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.

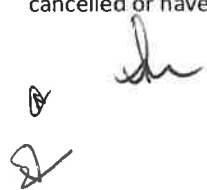
Financial liabilities

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.



Royal Enfield North America Limited
Notes forming part of financial statements

3.14 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.

3.15 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

3.16 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 NORTH AMERICA LIMITED
Notes forming part of the financial statements

4. Property, Plant and Equipment

Assets	Gross block (At cost)					Depreciation			Net block	
	As at March 31, 2016	Additions during the year	Deductions during the year	As at March 31, 2017	As at March 31, 2016	For the year	Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Tangible assets										
Leasehold Improvements	-	17,216	-	17,216	-	1,572	-	1,572	15,644	-
Tools and electrical fittings	38,398	48,235	-	86,633	697	19,512	-	20,209	66,424	37,701
Furniture and fixtures	4,354	19,150	-	23,504	318	3,313	-	3,631	19,873	4,036
Office equipment	10,056	38,376	-	48,432	1,204	9,298	-	10,502	37,930	8,852
Vehicles (Including Marketing Vehicles)	1,20,126	99,126	11,100	2,08,152	5,652	31,282	2,282	34,652	1,73,500	1,14,474
Total	1,72,934	2,22,103	11,100	3,83,937	7,871	64,977	2,282	70,566	3,13,371	1,65,063
Previous period	-	1,72,934	-	1,72,934	-	7,871	-	7,871	-	-

Assets	Gross block (At cost)			Amortisation			Net block	
	As at March 31, 2016	Additions during the year	Deductions during the year	As at March 31, 2016	For the year	Adjustments	As at March 31, 2016	As at March 31, 2017
Intangible assets								
Computer softwares	617	3,345	-	68	926	-	994	2,968
Previous period	-	617	-	-	68	-	68	549

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ROYAL ENFIELD NORTH AMERICA LIMITED
Notes forming part of the financial statements

6. Investments

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Non-current		
Unquoted equity investments in		
Subsidiary company		
100 Equity shares in Royal Enfield Canada Limited	13,280	-
Total	13,280	-

Note : The investment in subsidiary company is carried at cost.

7. Other financial assets

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Non-current		
Unsecured, considered good		
Security deposits	3,100	3,000
Total	3,100	3,000
Current		
Unsecured, considered good		
Others	14,402	-
Total	14,402	-

Note :The financial assets are carried at amortised cost

8. Other assets

(Amount in USD)



Particulars	As at March 31, 2017	As at March 31, 2016
Non-current		
Unsecured, considered good		
Capital advances	3,125	-
Total	3,125	-
Current		
Unsecured, considered good		
Other advances		
Prepaid expenses	79,497	19,050
Total	79,497	19,050

9. Deferred tax Assets

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Business loss carried forward*	-	6,82,810
Total	-	6,82,810

* 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

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ROYAL ENFIELD NORTH AMERICA LIMITED
Notes forming part of the financial statements

10. Inventories

(At lower of cost and net realisable value)

(Amount in USD)

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Stock-in-trade (Two Wheelers)	25,81,312	19,30,250
Stock-in-trade (Spares & Allied Products)	6,83,830	72,514
(includes Goods in transit USD 10,986 (previous period USD 47,526) Packing Material and Others	34,090	-
Total	32,99,232	20,02,764

-The cost of inventories recognised as an expense during the year was USD 21,33,591 (previous period USD 260,088)

-The cost of inventories recognised as an expense includes an amount of USD 10,298 (previous period Nil) in respect of write-down of inventory to net realisable value

-Inventory of current as well as previous period are expected to be recovered within 12 months.

11. Trade receivables

(Amount in USD)

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Current		
Unsecured, considered good	5,69,412	2,34,597
Total	5,69,412	2,34,597

-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	As at
	March 31, 2017	March 31, 2016
Within the credit period	5,56,416	2,34,597
Upto 6 months	12,996	-
More than 6 months	-	-
Total	5,69,412	2,34,597

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

12. Cash and cash equivalents

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Cash on hand	282	1
Balances with banks: In current accounts	2,33,759	6,44,958
Total	2,34,041	6,44,959

13. Share capital

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised 1,00,000 Equity shares of no face value	27,42,601	23,32,601
Total	27,42,601	23,32,601
Issued, Subscribed and fully paid up		
At the beginning of the year	23,32,601	-
Issued during the year/period	4,10,000	23,32,601
Outstanding at the end of the year/period	27,42,601	23,32,601

Note: 100% Equity Share Capital is held by Eicher Motors Limited, the Parent Company

14. Other equity

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Surplus/ (Deficit) in the statement of profit and loss		
Opening balance	(13,25,455)	-
Add: Profit/(Loss) for the year/period	(42,90,241)	(13,25,455)
Net surplus/(deficit) in the statement of profit and loss	(56,15,696)	(13,25,455)

15. Borrowings

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured Short term loan	68,50,000	-
Total	68,50,000	-

Unsecured Short Term loans are against Corporate Guarantee given by the Parent Company, Eicher Motors Limited.

16. Trade payables

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables	2,35,497	25,48,572
Total	2,35,497	25,48,572

17. Other financial liabilities

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Current		
Employee dues	2,36,012	1,31,697
Interest accrued but not due	48,833	-
Total	2,84,845	1,31,697

18. Other liabilities

(Amount in USD)

Particulars	As at March 31, 2017	As at March 31, 2016
Current		
Statutory remittances	35,181	65,377
Total	35,181	65,377

19. Revenue from operations

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Revenue from operations		
Sale of goods	24,23,558	3,22,925
Total	24,23,558	3,22,925
Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Details of products sold		
Two-Wheelers	23,08,013	3,22,925
Spare parts and other allied products	1,15,545	-
Total	24,23,558	3,22,925

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20. Other income

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Miscellaneous income	427	349
Total	427	349

21. Purchases of stock-in-trade

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Two wheelers	26,10,869	21,86,458
Spare parts and other allied products	7,13,823	72,514
Total	33,24,692	22,58,972

22. Change in inventories of stock-in-trade

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Inventories at the end of the year		
Stock-in-trade (Two Wheelers, Spares & other Allied products)	32,65,142	20,02,764
A	32,65,142	20,02,764
Inventories at the beginning of the period		
Stock-in-trade (Two Wheelers, Spares & other Allied products)	20,02,764	-
B	20,02,764	-
Net change (B-A)	(12,62,378)	(20,02,764)

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23. Employee benefits expenses

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Salaries cost	20,88,811	10,07,163
Payroll taxes	1,35,232	82,991
Staff welfare expenses	2,091	4,397
Total	22,26,134	10,94,551

24. Finance costs

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Interest expense		
On Borrowings	92,401	-
On others	21,214	-
Total	1,13,615	-

25. Depreciation and amortisation expenses

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Depreciation on property, plant and equipment	64,977	7,871
Amortisation of intangible assets	926	68
Total	65,903	7,939

26. Other expenses

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Stores and spares consumed	71,278	3,880
Fixed assets discarded	5,858	-
Power and fuel	5,800	1,109
Insurance	83,061	11,374
Repairs and maintenance		
Buildings	9,922	2,500
Others	27,524	9,558
Rates and taxes	27,562	4,017
Advertisement	7,860	30,698
Freight and handling charges	1,39,327	14,550
Incentives	10,000	9,000
Other selling and distribution expenses	4,66,035	2,45,075
Rent	2,09,773	49,886
Legal and professional charges	64,749	3,31,792
Payment to Auditor	6,385	6,038
Travelling expenses	3,27,086	2,31,596
Development expenses	3,591	440
Miscellaneous expenses	97,639	21,328
Total	15,63,450	9,72,841

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27. Income tax recognised in Statement of profit and loss

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Current tax		
In respect of the current year/period	-	-
Deferred tax charge/ (benefits)		
In respect of the current year/period	6,82,810	(6,82,810)
Total income tax expense recognised in the current year/period	6,82,810	(6,82,810)

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

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
Profit/(Loss) before tax	(36,07,431)	(20,08,265)
Income tax calculated as per rates @ 34%	(12,26,527)	(6,82,810)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets in the current year	19,09,336	-
Net Effect	6,82,810	-
Income tax expense recognised in profit or loss	6,82,810	-
	-	-

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Below it, there are two smaller initials, possibly 'D' and 'A'.

ROYAL ENFIELD NORTH AMERICA LIMITED
Notes forming part of the financial statements

28. 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 impact on the financial statements.

29. The Company does not have any litigation during the year/period or any litigation pending at the year/ period end.

30. Earnings per share

(Amount in USD)

Particulars	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016
a) Profit/ (Loss) for the year/ period, as per statement of profit and loss	(42,90,241)	(13,25,455)
b) Weighted average number of equity shares (Nos.)	1,00,000	1,00,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	(42.90)	(13.25)

31. 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.

32. 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) Transactions with the related parties

(Amount in USD)

Particulars	EML		RECA
	For the Year ended March 31, 2017	For the Period March 23, 2015 to March 31, 2016	For the Year ended March 31, 2017
Issue of share capital	4,10,000	23,32,601	-
Subscription to Share Capital of subsidiary company	-	-	13,280
Guarantee taken	73,70,000	36,30,000	-
Purchase of stock-in-trade	28,49,188	22,42,664	-
Sale of Stock in Trade	-	-	2,63,363
Purchase of fixed assets	15,777	67,021	-
Payment on behalf of EML	4,100	-	-
Expenses reimbursed	95,093	28,229	-
Expenses recovered	-	-	10,910
Moneys received on behalf of other company	-	-	1,97,724
Aggregate balances outstanding as at the year end			
- Payables	1,11,692	22,66,941	10,615
- Receivables	-	-	95,949
- Guarantee taken	110,00,000	36,30,000	-

Note : Royal Enfield Canada Limited (RECA) was incorporated on April 19, 2016. Hence, there are no related party transactions for the previous period.

ROYAL ENFIELD NORTH AMERICA LIMITED
Notes forming part of the financial statements

33. 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 borrowings and 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.

The gearing ratio at end of reporting year was as follows

(Amount in USD)

Debts		68,50,000
Total equity		27,42,601
Net debt equity ratio (%)		249.76

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 above:

	Carrying amount As at March 31, 2016	Fair value		
		Level 1	Level 2	Level 3
(Amount in USD)				
Financial assets at amortised cost				
Non-current				
Other financial assets	3,000	-	-	-
Current				
Trade receivables	2,34,597	-	-	-
Cash and bank balances	6,44,959	-	-	-
Total	8,82,556	-	-	-
Current - Financial liabilities				
Trade payables	25,48,572	-	-	-
Other financial liabilities	1,31,697	-	-	-
Total	26,80,269	-	-	-

	Carrying amount As at March 31, 2017	Fair value		
		Level 1	Level 2	Level 3
(Amount in USD)				
Financial assets at cost				
Non-current				
Investment in subsidiary	13,280	-	-	-
Financial assets at amortised cost				
Non-current				
Other financial assets	3,100	-	-	-
Current				
Trade receivables	5,69,412	-	-	-
Cash and bank balances	2,34,040	-	-	-
Total	8,19,832	-	-	-
Current - Financial liabilities				
Borrowings	68,50,000	-	-	68,50,000
Trade payables	2,35,497	-	-	-
Other financial liabilities	2,84,845	-	-	-
Total	73,70,342	-	-	68,50,000

Notes:

Fair value of cash and other deposits, trade and other receivables, trade payables, other financial liabilities and other financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments or receivable/payable on demand.

The fair value for borrowings were calculated on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

ROYAL ENFIELD NORTH AMERICA LIMITED
Notes forming part of the financial statements

33.1 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.

Exposure to Interest rate risk (Amount in USD)

	As at March 31, 2017	As at March 31, 2016
Floating rate borrowings	68,50,000	-

Interest rate sensitivity (Amount in USD)
A change of 25 basis points in interest rates would have following impact on profit before tax.

	As at March 31, 2017	As at March 31, 2016
25 bp Increase - Decrease in profit	6,207	-
25 bp decrease - Increase in profit	6,207	-

Liquidity risk (Amount in USD)

As at March 31, 2016	Less than 1 year	1 to 5 years	>5 Years	Total
Trade payables	25,48,572	-	-	25,48,572
Other financial liabilities	1,31,697	-	-	1,31,697

As at March 31, 2017	Less than 1 year	1 to 5 years	>5 Years	Total
Borrowings	68,50,000	-	-	68,50,000
Trade payables	2,35,497	-	-	2,35,497
Other financial liabilities	2,84,845	-	-	2,84,845

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

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

35. The previous period Financial statements have been prepared for the period March 23, 2015 to March 31, 2016 whereas the current year figures are for the year ended March 31, 2017. Hence the figures for the two periods are not comparable.

For and on behalf of Board of Directors


Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: 5-5-2017

