

ROYAL ENFIELD NORTH AMERICA LIMITED
BALANCE SHEET AS AT MARCH 31, 2018
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	4,39,812	3,13,371
(b) Intangible assets	4	886	2,968
(c) Investment in subsidiary	5	13,280	13,280
(d) Other non-current assets	6	-	3,125
Total Non-Current Assets		4,53,978	3,32,744
Current assets			
(a) Inventories	7	23,41,480	32,99,232
(b) Financial assets			
(i) Trade receivables	8	2,70,281	5,69,412
(ii) Cash and cash equivalents	9	1,34,850	2,34,041
(iii) Loans	10	65,152	-
(iv) Other financial assets	11	3,550	17,502
(c) Other current assets	6	1,54,707	79,497
Total Current Assets		29,70,020	41,99,684
Total Assets		34,23,998	45,32,428
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	52,42,601	27,42,601
(b) Other equity	13	(1,10,05,444)	(56,15,696)
Total Equity		(57,62,843)	(28,73,095)
LIABILITIES			
Non-current Liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	14	3,75,144	-
Total Non-Current Liabilities		3,75,144	-
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	65,00,000	68,50,000
(ii) Trade payables	16	14,15,104	2,35,497
(iii) Other financial liabilities	14	8,28,496	3,20,026
(b) Other current liabilities	17	68,097	-
Total Current Liabilities		88,11,697	74,05,523
Total Liabilities		91,86,841	74,05,523
Total Equity and Liabilities		34,23,998	45,32,428
See accompanying notes forming part of the financial statements	1 to 37		

In terms of our report attached

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors

per **Sanjay Vj**
Partner
Membership No.: 095169

Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: May 09, 2018

Place: Gurugram
Date: May 09, 2018

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	Note No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017
INCOME			
Revenue from operations	18	30,54,602	23,38,735
Other income	19	61,647	85,250
Total Income		31,16,249	24,23,985
EXPENSES			
Purchases of traded goods	20	19,43,564	33,24,692
(Increase)/decrease in inventories of traded goods	21	9,34,353	(12,62,378)
Employee benefit expenses	22	30,83,162	22,26,134
Finance costs	23	2,81,913	1,13,615
Depreciation and amortisation expense	24	1,18,240	65,903
Other expenses	25	21,44,765	15,63,450
Total expenses		85,05,997	60,31,416
Loss before tax		(53,89,748)	(36,07,431)
Tax expense			
Current tax	26	-	-
Deferred tax	26	-	6,82,810
Total tax expense		-	6,82,810
Loss for the year		(53,89,748)	(42,90,241)
Other Comprehensive Income		-	-
Total comprehensive income for the year, net of tax		(53,89,748)	(42,90,241)
Earning per share			
(a) Basic	28	(53.90)	(42.90)
(b) Diluted	28	(53.90)	(42.90)
(No Face value of shares defined as such)			
See accompanying notes forming part of the financial statements	1 to 37		

In terms of our report attached
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors

per **Sanjay Vij**
Partner
Membership No.: 095169

Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: May 09, 2018

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Date: May 09, 2018

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

a. Equity share capital

Particulars	Number of shares	Amount
Balance at March 31, 2017	1,00,000	27,42,601
Changes in equity share capital during the year	-	25,00,000
Balance at March 31, 2018	1,00,000	52,42,601

b. Other Equity

Particulars	Retained earnings
Balance at March 31, 2017	(56,15,696)
Loss for the year	(53,89,748)
Balance at March 31, 2018	(1,10,05,444)

In terms of our report attached
For S.R. Batliboi & Co. LLP
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors

per Sanjay Vij
Partner
Membership No.: 095169

Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: May 09, 2018

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Date: May 09, 2018

ROYAL ENFIELD NORTH AMERICA
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	(53,89,748)	(42,90,241)
Adjustments for:		
Depreciation and amortisation expenses	1,18,240	65,903
Gain on disposal of property, plant and equipment	(2,337)	-
Fixed assets discarded	6,840	-
Deferred tax charge/(benefit)	-	6,82,810
Interest expense	2,81,913	1,13,615
Operating profit/(loss) before changes in working capital	(49,85,092)	(34,27,914)
Changes in working capital:		
Adjustments for (increase)/decrease in current assets:		
Inventories	9,57,752	(12,96,468)
Trade receivables	2,99,131	(3,34,815)
Loans	(65,152)	-
Other financial assets	13,952	(14,502)
Other assets	(75,210)	(60,447)
Adjustments for increase/(decrease) in non-current liabilities:		
Other financial liabilities	3,75,144	-
Adjustments for increase/(decrease) in current liabilities:		
Trade payables	11,79,608	(23,13,075)
Other financial liabilities	5,08,473	1,04,315
Other liabilities	68,097	(30,196)
Net cash flow from operating activities (A)	(17,23,297)	(73,73,102)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Property, plant and equipment (Including Capital Advances)	(2,51,796)	(2,28,573)
Proceeds from disposal of property, plant and equipment	7,815	8,818
Investment in share capital of subsidiary company	-	(13,280)
Net cash flow from investing activities (B)	(2,43,981)	(2,33,034)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2,81,913)	(64,782)
Proceeds from short term borrowings	(3,50,000)	68,50,000
Proceeds from issue of equity share capital	25,00,000	4,10,000
Net cash flow from financing activities (C)	18,68,087	71,95,218
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	(99,191)	(4,10,918)
Cash and cash equivalents at the beginning of the year	2,34,041	6,44,959
Cash and cash equivalents at the end of the year	1,34,850	2,34,041

Particulars	As at March 31, 2018	As at March 31, 2017
Components of cash and cash equivalents		
Cash on hand	1,695	282
Balances with banks:		
In current accounts	1,33,155	2,33,759
Total cash and cash equivalents as per balance sheet (refer note 9)	1,34,850	2,34,041
See accompanying notes forming part of the financial statements	1 to 37	

In terms of our report attached
For S.R. Batliboi & Co. LLP
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors

per Sanjay Vij
Partner
Membership No.: 095169

Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: May 09, 2018

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Royal Enfield North America Limited
Notes forming part of financial statements
All amounts are in USD unless otherwise stated

1. Corporate 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 providing audited financial statements of the company for the year ended 31st March, 2018 to the AD Category I Banks in terms of Notification No. FEMA 120/RB-2004 dated July 7, 2004 and for enabling Eicher Motors Limited, Holding Company, to prepare its consolidated financial statements.

2. Significant Accounting Policies

2.1 Basis of Preparation

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

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. The financial statements are presented in USD.

2.2 Summary of Significant Accounting Policies

a. 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 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.

b. 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
All amounts are in USD unless otherwise stated

c. 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.

d. 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.

e. 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.

f. 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.

Royal Enfield North America Limited
Notes forming part of financial statements
All amounts are in USD unless otherwise stated

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.

g. 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.

h. 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.

i. 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.

j. 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.

Royal Enfield North America Limited
Notes forming part of financial statements
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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).

k. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial Recognition and Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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.

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.

Royal Enfield North America Limited
Notes forming part of financial statements
All amounts are in USD unless otherwise stated

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.

De recognition of financial liabilities

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

l. Cash and cash equivalents

In the Statement of cash flow, cash and cash equivalents include cash in hand and demand deposits with banks.

m. Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

3. Property, plant and equipment

Particulars	Leasehold	Tools and electrical	Furniture and	Office equipments	Vehicles	Total
	improvements	fittings	fixtures			
Cost						
At 31 March 2017	17,216	86,633	23,503	48,432	2,08,153	3,83,937
Additions	-	75,155	31,615	10,817	1,37,173	2,54,760
Disposals	-	354	2,827	1,246	10,741	15,168
At 31 March 2018	17,216	1,61,434	52,291	58,003	3,34,585	6,23,529
At 31 March 2017	1,572	20,209	3,631	10,502	34,652	70,566
Charge for the year	3,325	36,170	6,394	17,572	53,488	1,16,949
Disposals	-	116	477	166	3,039	3,798
At 31 March 2018	4,896	56,263	9,548	27,908	85,102	1,83,717
Net book Value						
At 31 March 2017	15,645	66,424	19,872	37,930	1,73,501	3,13,371
At 31 March 2018	12,320	1,05,170	42,743	30,095	2,49,483	4,39,812

4. Intangible Assets:

	Computer softwares
Cost	
At 31 March 2017	3,962
Additions	161
Disposals	2,116
At 31 March 2018	2,007
Accumulated amortisation	
At 31 March 2017	994
Charge for the year	1,291
Disposals	1,164
At 31 March 2018	1,121
Net book Value	
At 31 March 2017	2,968
At 31 March 2018	886

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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5. Investment in Subsidiary:

Particulars	As at March 31, 2018	As at March 31, 2017
Unquoted Investments		
Investment in equity instruments of subsidiary company		
100 Equity shares in Royal Enfield Canada Limited (No face value)	13,280	13,280
Total	13,280	13,280

6. Other assets

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good		
Capital advances	-	3,125
Total	-	3,125
Current		
Unsecured, considered good		
Other advances		
Advance to suppliers	77,700	-
Prepaid expenses	77,007	79,497
Total	1,54,707	79,497

7. Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017
Traded goods:		
-Two Wheelers	16,51,105	25,81,312
-Spares & Allied Products	6,79,684	6,83,830
(Includes goods in transit of USD 78,395 (March 31,2017 USD 10,986)		
Packing Material and Others	10,691	34,090
Total	23,41,480	32,99,232

-The cost of inventories recognised as an expense includes an amount of USD 1,610 (Previous Year:USD 10,298) in respect of write-down of inventory to net realisable value .

8. Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables from related parties (also refer note 30)	46,888	85,334
Other receivables		
Unsecured -considered good	2,23,393	4,84,078
Total	2,70,281	5,69,412

No trade receivables are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non interest bearing and are generally on terms of 30-60 days.

9. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	1,695	282
Balances with banks:		
In current accounts	1,33,155	2,33,759
Total	1,34,850	2,34,041

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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10. Loans

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good Loans to directors (also refer note 30)	65,152	-
Total	65,152	-

11. Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Security deposits	3,550	3,100
Others	-	14,402
Total	3,550	17,502

12. Equity Share Capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
1,00,000 Equity shares (no face value)	52,42,601	27,42,601
Total	52,42,601	27,42,601
Issued, Subscribed and fully paid up		
At the beginning of the year	27,42,601	23,32,601
Issued during the year	25,00,000	4,10,000
Outstanding at the end of the year	52,42,601	27,42,601

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

13. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Deficit in the statement of profit and loss		
Opening balance	(56,15,696)	(13,25,455)
Add: Loss for the year	(53,89,748)	(42,90,241)
Net deficit in the statement of profit and loss	(1,10,05,444)	(56,15,696)

14. Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
ESOP payable (Refer Note. 30)	3,75,144	-
	3,75,144	-
Current		
Employee dues	2,89,610	2,36,012
Statutory remittances (Federal Tax payable, Payroll State tax and Milwaukee Sales tax)	39,579	35,181
Others:		
Interest accrued but not due	43,996	48,833
ESOP payable (Refer Note. 30)	4,55,311	-
Total	8,28,496	3,20,026

15. Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured		
Short term Loan from banks	65,00,000	68,50,000
Total	65,00,000	68,50,000

Unsecured Short Term loans are against Corporate Guarantee given by the Holding Company, Eicher Motors Limited and carries interest @ LIBOR + 2.25% till September 2017 and LIBOR + 1.70% from October 2017.

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16. Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables to related parties (also refer note 30)	12,42,450	-
Trade payables to others	1,72,654	2,35,497
Total	14,15,104	2,35,497

17. Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Advance from customers	68,097	-
Total	68,097	-

18. Revenue from operations

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Sale of goods		
Two-Wheelers	28,29,127	22,23,190
Spare parts and other allied products	2,21,825	1,15,545
Other Operating Revenue		
Scrap sale	3,650	-
Total	30,54,602	23,38,735

19. Other income

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit on sale of fixed assets	2,337	-
Miscellaneous income	59,310	85,250
Total	61,647	85,250

20. Purchases of traded goods

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Two wheelers	5,43,925	26,10,869
Spare parts and other allied products	13,99,639	7,13,823
Total	19,43,564	33,24,692

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

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Inventories at the end of the year		
Traded goods (Two Wheelers, Spares & other Allied products)	23,30,789	32,65,142
Sub-total (A)	23,30,789	32,65,142
Inventories at the beginning of the year		
Traded goods (Two Wheelers, Spares & other Allied products)	32,65,142	20,02,764
Sub-total (B)	32,65,142	20,02,764
Net change (B-A)	9,34,353	(12,62,378)

22. Employee benefit expenses

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries,wages and bonus	20,92,634	20,88,811
Payroll Taxes	1,49,913	1,35,232
Share-based payments to employees	8,30,455	-
Staff welfare expenses	10,160	2,091
Total	30,83,162	22,26,134

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23. Finance costs

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
interest expense		
On Borrowings	2,51,212	92,401
On Bills Discounting	30,701	21,214
Total	2,81,913	1,13,615

24. Depreciation and amortisation expense

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Depreciation on property, plant and equipment	1,16,949	64,977
Amortisation of intangible assets	1,291	926
Total	1,18,240	65,903

25. Other expenses

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Stores and Spares consumed	40,803	71,278
Fixed assets discarded	6,840	5,858
Power and fuel	7,237	5,800
Insurance	1,71,174	83,061
Repairs and maintenance		
Buildings	111	9,922
Others	26,102	27,524
Rates and taxes	34,057	27,562
Advertisement	7,07,930	2,43,936
Freight and handling charges	1,533	1,39,327
Incentives	98	10,000
Other selling and distribution expenses	2,09,898	2,29,959
Rent	3,24,469	2,09,773
Legal and professional charges	83,192	64,749
Payment to Auditor	6,000	6,385
Travelling expenses	4,29,300	3,27,086
Testing & Inspection charges	3,760	3,591
Communication expenses	38,925	49,745
Miscellaneous expenses	53,336	47,894
Total	21,44,765	15,63,450

26. Income tax recognised in Statement of profit and loss

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Current tax		
In respect of the current year	-	-
Deferred tax		
In respect of the current year	-	6,82,810
Total income tax expense recognised in the current year	-	6,82,810

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

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Loss before tax	(53,89,748)	(36,07,431)
Income tax expense calculated at 34%	(18,32,514)	(12,26,527)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	18,32,514	19,09,336
Net Effect	-	6,82,810
Income tax expense recognised in profit or loss	-	6,82,810
	-	-

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27. 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.

28. Earnings per share

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

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
a) Loss for the year as per statement of profit and loss	(53,89,748)	(42,90,241)
b) Weighted average number of equity shares (Nos.)	1,00,000	1,00,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	(53.90)	(42.90)

29. Segment reporting

The Company primarily operates in the automotive segment. The automotive segment includes all activities related to sale of two-wheelers as well as sale of related parts and accessories.

As defined in Ind AS 108, the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of IND AS 108 "Operating Segments".

30. 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)	100 % Subsidiary Company

b) Key Management Personnel:

Mr. Rodney James Copes	Director
Mr. Lalit Malik	Director

c) Transactions with the related parties

Particulars	EML		RECA	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Issue of share capital	25,00,000	4,10,000	-	-
Subscription to Share Capital	-	-	-	13,280
Purchase of traded goods, packing materials	19,92,282	28,64,965	-	-
Sale of traded goods	-	-	3,09,215	2,63,363
Purchase of fixed assets	-	-	-	-
Payment on behalf of EML	-	4,100	-	-
Expenses recovered	1,03,609	95,093	22,964	10,910
Expenses reimbursed	8,38,783	-	-	-
Net amount received on behalf	-	-	4,04,341	1,97,724
Aggregate balances outstanding as at the year end				
-Share capital	52,42,601	27,42,601	13,280	13,280
- Payables	12,63,612	1,32,234	300	10,615
- Receivables	21,162	20,542	47,188	95,949
- ESOP Payable	8,30,455	-	-	-
- Guarantee taken	1,16,30,000	1,16,30,000	-	-

d) Transactions with key managerial personnel

Particulars	Mr. Rodney James Copes	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries, wages and bonus	2,44,357	2,33,038
Loans given	65,152	-
Balance outstanding as at the year end	65,152	-

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31. Critical Accounting Judgements and key resources of estimation uncertainty

Use of estimates

The preparation of the financial statements in conformity with IND AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Useful lives of depreciable assets

Management reviews useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the company. Further, there is no significant change in useful lives as compared to the previous year.

Investment in equity instruments of subsidiary company

During the year, the company assessed the investment in equity instruments of subsidiary company carried at cost for impairment testing. Subsidiary company is expected to generate positive cashflows in the future years. Detailed analysis has been carried out on the future projections and the company is confident that the investment do not require any impairment.

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

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

34. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Capital structure of the Company consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the Company.

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

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital.

The following table summarizes the capital of the Company:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Equity Share Capital	52,42,601	27,42,601
Other equity	(1,10,05,444)	(56,15,696)
Total Equity	(57,62,843)	(28,73,095)

35. Financial instruments

Categories of financial instruments

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Financial assets at amortised cost		
Current		
Trade receivables	2,70,281	5,69,412
Cash and cash equivalents	1,34,850	2,34,041
Loans	65,152	-
Other financial assets	3,550	17,502
Total	4,73,834	8,20,956
Financial liabilities at amortised cost		
Non-Current		
Other financial liabilities	3,75,144	-
Current		
Borrowings	65,00,000	68,50,000
Trade payables	14,15,104	2,35,497
Other financial liabilities	8,28,496	3,20,026
Total	91,18,745	74,05,523

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36. Financial risk management objectives and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the management of the Company.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regard to interest income and interest expenses and to manage the interest rate risk, the Company performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to Interest rate risk

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Floating rate borrowings	65,00,000	68,50,000

Interest rate sensitivity

A change of 25 basis points in interest rates would have following impact on profit before tax.

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
25 bp increase - Decrease in profit	19,438	6,207
25 bp decrease - Increase in profit	19,438	6,207

Foreign currency risk

The Company does not undertake transactions in currencies other than USD, hence there is no foreign currency risk identified during the year.

Liquidity risk

The Company manages liquidity risk through banking and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity profile of financial liabilities:

Particulars	As at March 31, 2018			Total
	Less than 1 year	1 to 5 years	>5 Years	
Borrowings	65,00,000			65,00,000
Trade payables	14,15,104			14,15,104
Other financial liabilities	4,55,311	3,75,144		8,30,455

Particulars	As at March 31, 2017			Total
	Less than 1 year	1 to 5 years	>5 Years	
Borrowings	68,50,000			68,50,000
Trade payables	2,35,497	-	-	2,35,497
Other financial liabilities	3,20,026	-	-	3,20,026

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks. Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

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The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed below:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Within the credit period	2,49,111	5,56,416
Upto 6 months	21,125	12,996
More than 6 months	45	-
Total	2,70,281	5,69,412

37. Previous year's figures have been regrouped and reclassified where necessary to confirm to the current year's classification.

In terms of our report attached
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

For and on Behalf of Board of Directors

per **Sanjay Vij**
Partner
Membership No.: 095169

Lalit Malik
Director
Royal Enfield North America Limited

Place: Gurugram
Date: May 09, 2018

Place: Gurugram
Date: May 09, 2018