

INDEPENDENT AUDITOR’S REPORT

To the Members of Royal Enfield UK Limited

Report on Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Royal Enfield UK Limited (“the Company”). These special purpose financial statements comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together hereinafter referred to as “Special Purpose Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements as at and for the year ended March 31, 2024 have been prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to those special purpose financial statements have been prepared solely for submitting to Holding Company to be used by them in preparation of their consolidated financial statements and to assist the Holding Company in filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction – Reporting under FEMA Act, 1999 updated on time to time issued by the RBI.

Basis for Opinion

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Emphasis of matter – Basis of Accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Holding Company in preparing their consolidated financial statements and to assist the Holding Company in filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction – Reporting under FEMA Act, 1999 updated on time to time issued by the RBI as at and for the year ended March 31, 2024. As a result, these special purpose financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibility of Management for the Special Purpose Financial Statements

The Company’s Board of Directors is responsible for preparation of these special purpose financial statements which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement

of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, prepared in accordance with the basis of accounting described in Note 2. This responsibility also includes maintenance of adequate accounting records for safeguarding of 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 the 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 special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sas will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with Sas, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Distribution and Use

Our auditor's report on Special Purpose Financial Statements is intended and has been prepared solely for the purpose of submitting to Holding Company to be used by them in preparation of their consolidated financial statements and to assist the Holding Company in filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction – Reporting under FEMA Act, 1999 updated on time to time issued by the RBI. It is not to be used for any other purpose, or referred to in any other document, or distributed to anyone other than to the Company and Holding Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Sonika Loganey
Partner
Membership Number: 502220

UDIN:XX
Place of Signature: Gurugram
Date: May 08, 2024

ROYAL ENFIELD UK LIMITED
BALANCE SHEET AS AT MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	4,04,048	2,25,845
(b) Right to use Asset	5	13,10,472	16,60,567
(c) Deferred Tax Assets (net)	6	6,05,084	-
Total Non-Current Assets		23,19,604	18,86,412
Current assets			
(a) Inventories	7	75,85,476	42,03,456
(b) Financial assets			
(i) Trade receivables	8	25,55,688	11,87,598
(ii) Cash and cash equivalents	9	3,12,088	40,43,026
(c) Other current assets	10	2,60,368	4,46,801
Total Current Assets		1,07,13,620	98,80,881
Total Assets		1,30,33,224	1,17,67,293
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	11	31,00,000	1,00,000
(b) Other equity	12	(22,41,428)	64,108
Total Equity		8,58,572	1,64,108
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	13	10,16,750	13,54,192
(b) Deferred Tax Liabilities	6	-	19,227
Total non-current liabilities		10,16,750	13,73,419
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	13	3,37,440	3,21,318
(ii) Trade payables	15	1,01,62,968	97,54,379
(iii) Other financial liabilities	14	2,04,872	1,44,960
(b) Other current liabilities	16	4,52,622	9,109
Total Current Liabilities		1,11,57,902	1,02,29,766
Total liabilities		1,21,74,652	1,16,03,185
Total Equity and Liabilities		1,30,33,224	1,17,67,293
Summary of Significant accounting policies	3		

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
of Royal Enfield UK Limited

Sonika Loganey
Partner
Membership No.: 502220

Vidhya Srinivasan
Director

Arun Gopal
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Leicestershire, UK
Date: May 08, 2024

ROYAL ENFIELD UK LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

Particulars	Note No.	For the Year ended March 31, 2024	For the Year ended March 31, 2023
INCOME			
Revenue from contract with customers	17	76,04,871	1,92,83,652
Other income	18	9,38,854	10,17,329
Total Income		85,43,725	2,03,00,981
EXPENSES			
Purchases of traded goods	19	90,62,353	1,80,51,487
(Increase)/decrease in inventories of traded goods	20	(33,82,020)	(14,90,217)
Employee benefit expenses	21	23,34,111	16,55,362
Finance costs	22	1,89,596	20,629
Depreciation and amortisation expense	4, 5	4,53,816	1,53,510
Other expenses	23	28,15,716	16,62,457
Total expenses		1,14,73,573	2,00,53,228
Profit before tax		(29,29,848)	2,47,753
Tax expense			
Current tax expense		-	-
Deferred tax expense/(credit)		(6,24,311)	50,466
Total tax expense / (Credit)		(6,24,311)	50,466
Profit/(loss) for the year		(23,05,536)	1,97,287
Other Comprehensive Income		-	-
Total comprehensive income/(loss) for the period, net of tax		(23,05,536)	1,97,287
Earning per share			
(a) Basic	26	(1.04)	1.97
(b) Diluted	26	(1.04)	1.97
Summary of Significant accounting policies	3		

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

For and on Behalf of Board of Directors
of Royal Enfield UK Limited

Sonika Loganey
Partner
Membership No.: 502220

Vidhya Srinivasan
Director

Arun Gopal
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Leicestershire, UK
Date: May 08, 2024

ROYAL ENFIELD UK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

a. Equity share capital

Particulars	Number of shares	Amount
Balance at April 01, 2022	1,00,000	1,00,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2023	1,00,000	1,00,000
Changes in equity share capital during the year	30,00,000	30,00,000
Balance at March 31, 2024	31,00,000	31,00,000

b. Other Equity

Particulars	Retained earnings
Balance at April 01, 2022	(1,33,179)
Profit for the year	1,97,287
Balance at March 31, 2023	64,108
Profit for the year	(23,05,536)
Balance at March 31, 2024	(22,41,428)

Summary of Significant accounting policies

3

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 of Royal Enfield UK Limited

Sonika Loganey
Partner
Membership No.: 502220

Vidhya Srinivasan
Director

Arun Gopal
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Leicestershire, UK
Date: May 08, 2024

ROYAL ENFIELD UK LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before Tax	(29,29,848)	2,47,753
Adjustments for:		
Depreciation and amortisation expenses	4,53,816	1,53,510
Loss/(Gain) on disposal of property, plant and equipment	(13,812)	(3,175)
Interest Expenses	1,89,596	20,629
Changes in working capital:		
Adjustments for (increase)/decrease in current assets:		
Trade receivables	(13,68,090)	(11,87,598)
Inventories	(33,82,020)	(14,90,217)
Other current assets	1,86,433	11,92,494
Adjustments for increase/(decrease) in current liabilities:		
Trade payables	4,08,589	63,25,801
Other financial liabilities	59,912	54,149
Other current liabilities	4,43,513	(14,04,779)
Net cash flow from / (used in) operating activities (A)	(59,51,910)	39,08,567
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Property, plant and equipment (Including Capital Advances)	(2,90,214)	(90,357)
Proceeds from disposal of property, plant and equipment	22,102	3,175
Net cash flow from / (used in) investing activities (B)	(2,68,112)	(87,182)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	30,00,000	-
Interest paid on lease liabilities	(74,380)	(20,629)
Interest paid on Bills discounting	(1,15,216)	
Payment of principal portion of lease liabilities	(3,21,320)	(71,146)
Net cash flow from / (used in) financing activities (C)	24,89,084	(91,775)
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	(37,30,938)	37,29,610
Cash and cash equivalents at the beginning of the period	40,43,026	3,13,416
Cash and cash equivalents at the end of the period	3,12,088	40,43,026

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks:		
In current accounts	3,12,088	40,43,026
Total cash and cash equivalents as per balance sheet (refer note 9)	3,12,088	40,43,026
Summary of Significant accounting policies	3	

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
of Royal Enfield UK Limited**

Sonika Loganey
Partner
Membership No.: 502220

Vidhya Srinivasan **Arun Gopal**
Director Director

Place: Gurugram
Date: May 08, 2024

Place: UK Place: Leicestershire, UK
Date: May 08, 2024 Date: May 08, 2024

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

1. Corporate Information

Royal Enfield UK Limited (“the Company”) was incorporated on August 20th, 2019. The Company is into trading of two wheelers, Spares, Gears and Accessories in United Kingdom.

2. Basis of Preparation

2.1 Statement of Compliance

The special purpose financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The special purpose financial statements have been prepared for the purpose of submitting to shareholders to be used by them in preparing their consolidated financial statements and filing Annual Performance Report with the Authorized dealers category – I bank in accordance with the RBI Master direction –Reporting under FEMA Act, 1999 updated on time to time issued by the RBI. As a result, the special purpose financial statements may not be suitable for any other purpose. Consequently, these financial statements do not purport to be, and are not prepared to comply with the requirements of the Companies Act, 2013 and include only those disclosures prescribed under the Companies Act, 2013 as the management deems relevant.

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. The financial statements are presented in GBP, which is the company’s functional currency.

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

a. 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 UK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

b. Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions, that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Company presents the valuation results to the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

c. Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Sale of goods and services

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

Revenue from freight services is recognised at a point in time, generally upon delivery of the consignment.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, Road Side Assistance, Free Service Coupons, etc.). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

d. Leases

The Company assesses at the contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

- Buildings 2 to 6 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings and others (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

e. 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.

f. 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.

g. Pensions

Pension fund

The Company provide employee benefits in the nature of pension fund.

The portion of pension fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the pension fund. The Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service.

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

h. 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.

i. Impairment of non-financial assets

At the end of each reporting period, the Company assesses, whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods/years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

j. Inventories

Inventories comprising traded goods are stated at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Cost of inventories is determined on a moving average.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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k. 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).

l. 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. Taxable profit differs from profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. 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 provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

m. 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.

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.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

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Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated at FVTPL.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

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.

ROYAL ENFIELD UK LIMITED

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Financial liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in the other comprehensive income. These gains/ loss are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

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.

n. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above.

o. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

p. Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period/year.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

ROYAL ENFIELD UK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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4. Property, plant and equipment

Particulars	Tools and electrical fittings	Furniture and fixtures	Office equipments	Vehicles	Total
Cost					
At April 01, 2022	90,742	-	7,225	1,20,072	2,18,039
Additions	-	-	14,776	75,580	90,356
Disposals	-	-	-	-	-
At March 31, 2023	90,742	-	22,001	1,95,652	3,08,395
Additions	-	14,167	84,923	1,91,124	2,90,214
Disposals	-	-	-	14,234	14,234
At March 31, 2024	90,742	14,167	1,06,924	3,72,542	5,84,375
Accumulated depreciation					
At April 01, 2022	10,082	-	1,204	3,843	15,129
Charge for the year	30,247	-	4,964	32,210	67,421
Disposals	-	-	-	-	-
At March 31, 2023	40,329	-	6,168	36,053	82,550
Additions	30,247	826	16,749	55,899	1,03,721
Disposals	-	-	-	5,944	5,944
At March 31, 2024	70,576	826	22,917	86,008	1,80,327
Net book Value					
At March 31, 2024	20,166	13,341	84,007	2,86,534	4,04,048
At March 31, 2023	50,413	-	15,833	1,59,599	2,25,845
5. Right to use asset:					
Particulars	Right to use Asset				
Cost					
At April 01, 2022	-				
Additions	17,46,656				
Disposals	-				
At March 31, 2023	17,46,656				
Additions	-				
Disposals	-				
At March 31, 2024	17,46,656				
Accumulated amortisation					
At April 01, 2022	-				
Additions	86,089				
Disposals	-				
At March 31, 2023	86,089				
Charge for the year	3,50,095				
Disposals	-				
At March 31, 2024	4,36,184				
Net book Value					
At March 31, 2024	13,10,472				
At March 31, 2023	16,60,567				

ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
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6. Deferred tax Asset / (liability), net

Non-current	As at March 31, 2024	As at March 31, 2023
Deferred tax assets	7,06,096	-
-Losses		
Deferred tax Liabilities	1,01,012	19,227
-Property, plant and equipment		
Deferred tax Asset/(Liability), net	6,05,084	(19,227)

7. Inventories
(At lower of cost and net realizable value)

Particulars	As at March 31, 2024	As at March 31, 2023
Traded goods		
-Two Wheelers	67,25,404	36,18,381
-Spares and Accessories	8,60,072	5,85,075
Total	75,85,476	42,03,456

8. Trade Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables	15,14,341	11,87,598
Receivables from Related party	10,41,347	
Total	25,55,688	11,87,598

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	> 0 < 180 days	180 - 365 days	1 - 2 years	2 - 3 years	> 3 years	
Undisputed trade receivables - considered good	-	16,51,377	5,09,634	3,94,677	-	-	25,55,688
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	-	16,51,377	5,09,634	3,94,677	-	-	25,55,688

As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	> 0 < 180 days	180 - 365 days	1 - 2 years	2 - 3 years	> 3 years	
Undisputed trade receivables - considered good	-	11,87,598	-	-	-	-	11,87,598
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	-	11,87,598	-	-	-	-	11,87,598

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ROYAL ENFIELD UK LIMITED
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9. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks:		
In current accounts	3,12,088	40,43,026
Total	3,12,088	40,43,026

10. Other current assets

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Unsecured, considered good		
Advance to suppliers	1,54,306	1,52,770
Advance to employees	-	786
VAT receivable	-	2,84,315
Warranty claim under analysis	85,924	
Prepaid expenses	20,138	8,930
Total	2,60,368	4,46,801

11. Equity Share Capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
31,00,000 Equity shares at 1 GBP each	31,00,000	1,00,000
Total	31,00,000	1,00,000
Issued, Subscribed and fully paid up		
31,00,000 Equity shares at 1 GBP each		
At the beginning of the year	1,00,000	1,00,000
Issued during the year	30,00,000	-
Outstanding at the end of the year	31,00,000	1,00,000

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
At the beginning of the year	1,00,000	1,00,000
Issued during the year	30,00,000	-
Outstanding at the end of the year (March 31 2024: 31,00,000 and March 31, 2023: 100,000 Equity shares)	31,00,000	1,00,000

The Company has only one class of equity shares having face value of 1 GBP each.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

% holding by Eicher Motors Limited as at March 31, 2024: 100% (March 31, 2023: 100%).

ROYAL ENFIELD UK LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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12. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Retained Earnings		
Opening balance	64,108	(1,33,179)
Add: Profit/(loss) for the year	(23,05,536)	1,97,287
Net Surplus/(deficit) in the statement of profit and loss	(22,41,428)	64,108

13. Lease liability

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Lease liability as per Ind AS 116	10,16,750	13,54,192
	10,16,750	13,54,192
Current		
Lease liability as per Ind AS 116	3,37,440	3,21,318
Total	3,37,440	3,21,318

14. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Employee dues	2,04,872	1,44,960
Total	2,04,872	1,44,960

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ROYAL ENFIELD UK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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15. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables to related parties	86,32,276	87,14,025
Trade payables to others	15,30,692	10,40,354
Total	1,01,62,968	97,54,379

As at March 31, 2024

Particulars	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,33,603	22,53,102	66,76,263	-	-	-	1,01,62,968
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	12,33,603	22,53,102	66,76,263	-	-	-	1,01,62,968

As at March 31, 2023

Particulars	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,45,754	30,04,088	65,04,537	-	-	-	97,54,379
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	2,45,754	30,04,088	65,04,537	-	-	-	97,54,379

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16. Other current liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Statutory remittances (Contribution to Pension fund and VAT)	30,514	9,109
Others - Payable to employees	13,238	-
VAT payable	4,08,870	-
Total	4,52,622	9,109

17. Revenue from contract with customers

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Sale of traded goods		
Two-Wheelers & Spares	76,04,871	1,92,83,652
Total	76,04,871	1,92,83,652

18. Other income

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Miscellaneous income	9,25,042	10,14,154
Profit on sale of Fixed Assets	13,812	3,175
Total	9,38,854	10,17,329

19. Purchases of traded goods

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Two wheelers & Spares	90,62,353	1,80,51,487
Total	90,62,353	1,80,51,487

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
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20. (Increase)/decrease in inventories of traded goods

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Inventories at the end of the year		
Traded goods	75,85,476	42,03,456
Sub-total (A)	75,85,476	42,03,456
Inventories at the beginning of the year		
Traded goods	42,03,456	27,13,239
Sub-total (B)	42,03,456	27,13,239
Net change (B-A)	(33,82,020)	(14,90,217)

21. Employee benefits expenses

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Salaries and wages	20,72,819	14,53,582
Contribution to Pension funds	2,59,954	2,01,070
Staff welfare expenses	1,338	710
Total	23,34,111	16,55,362

22. Finance Cost

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Interest Expense		
On Lease liability	74,380	20,629
On Bills Discounting	1,15,216	-
Total	1,89,596	20,629

23. Other expenses

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Insurance	49,537	5,870
Repairs and maintenance	-	-
Advertisement	1,56,241	29,951
Freight and handling charges	4,82,271	4,39,665
Other selling and distribution expenses	7,28,990	5,82,211
Rent	9,16,003	84,730
Legal and professional charges	1,67,120	1,85,157
Travelling expenses	2,74,524	1,93,057
Rates & Taxes	3,192	-
Miscellaneous expenses	37,838	1,41,816
Total	28,15,716	16,62,457

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024
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24. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for GBP 8,940 (March 31, 2023 : GBP 15,007).

The Company does not have 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 capital commitments or long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

25. Employee Benefit Plans

The details of employee benefits provided to employees are as under:

Defined Contribution Plans

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Detail of amount recognized as expense for defined contribution plans is given below:-		
Pension fund	2,59,954	2,01,070

26. Earnings per share

Particulars	For the Year ended March 31, 2024	For the year ended March 31, 2023
a) Profit/(Loss) for the year as per statement of profit and loss	(23,05,536)	1,97,287
b) Weighted average number of equity shares (Nos.)	22,20,548	1,00,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	(1.04)	1.97

27. Segment reporting disclosure

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".

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28. 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) Key Management Personnel:

Mr. Arun Gopal	Director (w.e.f June 30, 2023)
Ms. Vidhya Srinivasan	Director (w.e.f Sep 11, 2023)
Ms. Samantha King	Director (w.e.f March 22, 2024)

c) Transactions with the related parties:

Name of related party	Nature of transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Eicher Motors Limited	Purchase of traded goods, packing materials	77,86,714	1,68,45,775
	Expenses Reimbursed to EML	-	1,13,918
	Expenses Recovered from EML	7,56,794	20,493
	Income on sales and marketing services rendered	8,73,493	10,01,444

Balance outstanding at the year end

Name of related party	Nature of transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Eicher Motors Limited	Payables	86,32,276	96,85,650
	Receivables	10,41,347	9,71,625

d) Transactions with key management personnel

Particulars	Samantha King (Director)		Arun Gopal (Director)	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	2,341	-	2,69,436	-

Particulars	Amit Chitnis (Director)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	-	73,895

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023 : Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

29. 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 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, 2024 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.

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ROYAL ENFIELD UK LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
ALL AMOUNTS ARE IN GBP UNLESS OTHERWISE STATED

30. 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 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:

	As at March 31, 2024	As at March 31, 2023
Borrowings	-	-
Less: cash and cash equivalents	3,12,088	40,43,026
Net debt*	-	-
Equity Share Capital	31,00,000	1,00,000
Other equity	(22,41,428)	64,108
Total Equity	8,58,572	1,64,108

* Cash and cash equivalents for the current and previous years are greater than borrowings, hence net debt is considered as Nil.

30.1. Categories of financial instruments

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets at amortized cost		
Current		
Trade receivables	25,55,688	11,87,598
Cash and bank balances	3,12,088	40,43,026
Financial liabilities at amortized cost		
Non Current		
Lease Liabilities	10,16,750	13,54,192
Current		
Lease Liabilities	3,37,440	3,21,318
Trade payables	1,01,62,968	97,54,379
Other financial liabilities	2,04,872	1,44,960

30.2. Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques

The following is the basis of categorizing the financial instruments measured at fair value into Level 1 to Level 3 :-

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.

31. Financial risk management objectives and Policies

Financial risk management objectives

The management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The management reviews cash resources, implements strategies for foreign currency exposures and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity risk relating to trading operations. Market risk exposures are measured using sensitivity analysis.

Liquidity risk

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

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

32. The company did not have any long term contracts including derivative contracts for which there are material foreseeable losses.

33. The company does not have any litigation during the year or any litigation pending/contingent liabilities not provided for at the year end.

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

34. Disclosures in respect of Ind AS 116 "Leases".

As a lessee

The Company has lease contracts for buildings used in its operations. The leases of buildings generally have lease terms between 2 to 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options which are further discussed below.

The Company does not have any leases with lease terms of 12 months or less or any leases of office equipment with low value.

(i) Movement in the carrying value of the Right to Use Asset

Particulars - Buildings	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	16,60,567	-
Additions during the Period	-	17,46,656
Depreciation charge for the Period	(3,50,095)	(86,089)
Adjustment/Deletion	-	-
Closing Balance	13,10,472	16,60,567

(ii) Classification of current and non current liabilities of the lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current liabilities	3,37,440	3,21,318
Non Current Liabilities	10,16,750	13,54,192
Total Lease liabilities	13,54,190	16,75,510

(iii) Movement in the carrying value of the Lease Liability

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	16,75,510	-
Interest Expense	74,380	20,629
Lease Payments [Total Cash Outflow]	(3,95,700)	(91,775)
Additions during the year	-	17,46,656
Closing Balance	13,54,190	16,75,510

(iv) Contractual Maturities of Lease liability outstanding

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	3,95,700	3,95,700
One to five Years	10,88,175	14,83,875
More than Five years	-	-
Total	14,83,875	18,79,575

Lease expenses relating to short term leases aggregated to GBP Nil during the year ended March 31, 2024

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 3.5% to 8%.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation expense of right-of-use assets	3,50,095	86,089
Interest expense on lease liabilities	74,380	20,629
Expense relating to short-term leases (included in other expenses)	-	-
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (included in other expenses)	9,16,003	84,730
Total	13,40,478	1,91,448

ROYAL ENFIELD UK LIMITED
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35.Ratio Analysis and its elements

Ratio	As at March 31, 2024	As at March 31, 2023	% change	Reason for variance
Current ratio:				
<i>Current Assets / Current Liabilities</i>	1.0	1.0	-0.6%	Not applicable
Return on Equity ratio:				
<i>Net Profits after taxes – Preference Dividend / Average Shareholder's Equity</i>	(4.5)	3.0	-250.3%	Change due to loss incurred during the current year
Inventory Turnover ratio:				
<i>Cost of goods sold / Average Inventory</i>	1.0	4.8	-79.9%	Change due to higher inventory level maintained in the previous year
Trade Payable Turnover Ratio:				
<i>Net credit purchases = Gross credit purchases - purchase return / Average Trade Payables</i>	0.9	2.7	-66.3%	Change due to lower purchases in the current year
Net Capital Turnover Ratio:				
<i>Net sales = Total sales - sales return / Working capital = Current assets – Current liabilities</i>	(17.1)	(55.3)	-69.0%	Change due to lower sales in the current year
Net Profit ratio:				
<i>Net Profit / Net sales = Total sales - sales return</i>	-30.3%	1.0%	-3063.3%	Change due to lower sales and loss incurred during the current year
Return on Capital Employed:				
<i>Earnings before interest and taxes / Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability</i>	-3.4	1.4	-352.8%	Change due to loss incurred during the current year

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 of Royal Enfield UK Limited

Sonika Loganey
Partner
Membership No.: 502220

Vidhya Srinivasan
Director

Arun Gopal
Director

Place: Gurugram
Date: May 08, 2024

Place: UK
Date: May 08, 2024

Place: Leicestershire, UK
Date: May 08, 2024