**INDEPENDENT AUDITOR'S REPORT**

To the Members of Royal Enfield Europe B.V.

**Report on Special Purpose Financial Statements**

**Opinion**

We have audited the accompanying special purpose financial statements of Royal Enfield Europe B.V. ("the Company"), which comprise the Balance sheet as at March 31, 2025, 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 April 1, 2024 to March 31, 2025 ("the Period"), and notes to the financial statements, including a summary of material 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 the year ended and for the period ended March 31, 2025, 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 the 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 the 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 the year ended and for the period ended March 31, 2025. 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, 2025, 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 period then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, prepared in accordance with the basis of accounting described in Note 2 to the special purpose financial statements. 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: XXX
Place of Signature: Gurugram
Date: May 07, 2025

**Royal Enfield Europe B.V.**
**Balance Sheet as at March 31, 2025**
**All amounts are in EUR unless otherwise stated**

| Particulars | Note No. | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 4 | 7,932 | - |
| (b) Right-of-use Assets | 24 | 995,786 | - |
| **Total non-current assets** | | **1,003,718** | - |
| **Current assets** | | | |
| (a) Inventories | 5 | 1,183,765 | - |
| (b) Financial assets | | | |
| (i) Cash and cash equivalents | 6 | 1,408,804 | - |
| (c) Other current assets | 7 | 111,195 | - |
| **Total current assets** | | **2,703,764** | - |
| **Total assets** | | **3,707,482** | - |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 8 | 2,000,000 | - |
| (b) Other equity | 9 | (702,986) | - |
| **Total Equity** | | **1,297,014** | - |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 24 | 673,242 | - |
| **Total non-current liabilities** | | **673,242** | - |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 24 | 373,661 | - |
| (ii) Trade payables | 10 | 1,363,565 | - |
| **Total current liabilities** | | **1,737,226** | - |
| **Total liabilities** | | **2,410,468** | - |
| **Total equity and liabilities** | | **3,707,482** | - |
| **Summary of material accounting policies** | **3** | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

**Sonika Loganey**
Partner
Membership No : 502220
Place: Gurugram
Date: May, 07 2025

**For and on Behalf of Board of Directors**
**of Royal Enfield Europe B.V.**

**Arun Gopal**
Director

Place: Utrecht, Netherlands
Date: May, 07 2025

**Edgar Kleinbergen**
Director

Place: Utrecht, Netherlands
Date: May, 07 2025

**Royal Enfield Europe B.V.**
**Statement of profit and loss for the year ended March 31, 2025**
**All amounts are in EUR unless otherwise stated**

| Particulars | Note No. | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | | - | - |
| Other income | | - | - |
| **Total Income** | | - | - |
| | | | |
| **EXPENSES** | | | |
| Purchases of traded goods | 11 | 1,183,765 | - |
| Changes in inventories of traded goods | 12 | (1,183,765) | - |
| Employee benefit expenses | 13 | 178,948 | - |
| Finance costs | 15 | 12,515 | - |
| Depreciation expense | 14 | 107,217 | - |
| Other expenses | 16 | 404,306 | - |
| **Total expenses** | | **702,986** | - |
| | | | |
| **Loss before tax** | | (702,986) | - |
| | | | |
| **Tax expense** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total tax expense / (credit)** | | - | - |
| | | | |
| **Loss for the year / period** | | (702,986) | - |
| | | | |
| **Other comprehensive income** | | - | - |
| | | | |
| **Total comprehensive loss for the year / period, net of tax** | | (702,986) | - |
| | | | |
| **Earning per share** | | | |
| (a) Basic | 18 | (1.53) | - |
| (b) Diluted | 18 | (1.53) | - |
| | | | |
| **Summary of material accounting policies** | **3** | | |

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As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

**For and on Behalf of Board of Directors**
**of Royal Enfield Europe B.V.**

**Sonika Loganey**
Partner
Membership No : 502220

**Arun Gopal**
Director

**Edgar Kleinbergen**
Director

Place: Gurugram
Date: May, 07 2025

Place: Utrecht, Netherlands
Date: May, 07 2025

Place: Utrecht, Netherlands
Date: May, 07 2025

**Royal Enfield Europe B.V.**
**Statement of cash flows for the year ended March 31, 2025**
**All amounts are in EUR unless otherwise stated**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Loss before Tax** | (702,986) | - |
| **Adjustments for:** | | |
| Depreciation expenses | 107,217 | - |
| Finance costs | 12,515 | |
| **Changes in working capital:** | | |
| Adjustments for (increase) / decrease in current assets: | | |
| - Inventories | (1,183,765) | - |
| - Other current assets | (111,195) | - |
| Adjustments for increase / (decrease) in current liabilities: | | |
| - Trade payables | 1,363,565 | - |
| **Net cash flow from / (used in) operating activities (A)** | **(514,649)** | - |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Payments for Property, plant and equipment | (8,529) | - |
| **Net cash flow from / (used in) investing activities (B)** | **(8,529)** | - |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from Issue of Share Capital | 2,000,000 | - |
| Interest paid on lease liabilities | (12,515) | |
| Payment of principal portion of lease liabilities | (55,503) | |
| **Net cash flow from / (used in) financing activities (C)** | **1,931,982** | **-** |
| **Net Increase / (decrease) in cash and cash equivalents (A) + (B) + (C )** | **1,408,804** | **-** |
| **Cash and cash equivalents at the beginning of the year / period** | **-** | - |
| **Cash and cash equivalents at the end of the year / period** | **1,408,804** | - |

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| **Balances with banks:** | | |
| In current accounts | 1,408,804 | - |
| **Total cash and cash equivalents as per balance sheet (refer note 6)** | **1,408,804** | - |
| **Summary of material accounting policies** | **3** | |

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

**For and on Behalf of Board of Directors**
**of Royal Enfield Europe B.V.**

**Sonika Loganey**
Partner
Membership No : 502220
Place: Gurugram
Date: May, 07 2025

**Arun Gopal**
Director
Place: Utrecht, Netherlands
Date: May, 07 2025

**Edgar Kleinbergen**
Director
Place: Utrecht, Netherlands
Date: May, 07 2025

**Royal Enfield Europe B.V.**
**Statement of changes in equity for the year ended March 31, 2025**
**All amounts are in EUR unless otherwise stated**

**a. Equity share capital**

| Particulars | Number of shares | Amount |
|---|---|---|
| **As at March 21, 2024** | - | - |
| Changes in equity share capital during the year / period | - | - |
| **As at March 31, 2024** | - | - |
| Changes in equity share capital during the year / period | 2,000,000 | 2,000,000 |
| **As at March 31, 2025** | **2,000,000** | **2,000,000** |

**b. Other Equity**

| Particulars | Reserves and Surplus - Retained earnings |
|---|---|
| **As at March 21, 2024** | - |
| Profit / (loss) for the year / period | - |
| **As at March 31, 2024** | - |
| Loss for the year / period | (702,986) |
| **As at March 31, 2025** | **(702,986)** |

Summary of material accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

**Sonika Loganey**
Partner
Membership No : 502220
Place: Gurugram
Date: May, 07 2025

**For and on Behalf of Board of Directors**
**of Royal Enfield Europe B.V.**

**Arun Gopal**
Director

Place: Utrecht, Netherlands
Date: May, 07 2025

**Edgar Kleinbergen**
Director

Place: Utrecht, Netherlands
Date: May, 07 2025

## 1. Corporate Information

Royal Enfield Europe BV ("the Company") was incorporated on March 21, 2024, the Company, a wholy owned subsidiary of Eicher Motors Limited (Holding Company). The Company is into trading of two wheelers, Spares, Gears and Accessories in Europe. The special purpose financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 07, 2025.

## 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).

These special purpose financial statements have been prepared for the purpose of submitting to the Holding Company to be used in the preparation of the Holding Company's 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 (as amended), 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 EUR, 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. Material 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.

**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.

**c. Revenue from operations**

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, at the time of dispatch from warehouse.

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).

**Contract balances**

**Trade Receivables**

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (t) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

**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 5 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.

**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.

**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.

### h. Property, plant and equipment

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

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

Estimated useful lives of the assets are as follows:

| **Asset** | **Useful life** |
|---|---|
| Office Equipment | 3-5 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.

### 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. 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.

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.

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.

**m. 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.

**n. 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.

**o. New and amended standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**(i) Ind AS 117 Insurance Contracts**
The Ministry of Corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12 August 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1 April 2024.

Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:
• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 does not have material impact on the Company's separate financial statements as the Company has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

**(ii) Amendments to Ind AS 116 Leases – Lease Liability in a Sale and Leaseback**
The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback.

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 April 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116.
The amendments do not have a material impact on the Company's financial statements.

**Royal Enfield Europe B.V.**
**Notes forming part of special purpose financial statements for the year ended March 31, 2025**
**All amounts are in EUR unless otherwise stated**

**4. Property, plant and equipment**

| Particulars | Office equipments# | Total |
|---|---|---|
| **Cost** | | |
| As at March 21, 2024 | - | - |
| Additions | - | - |
| Disposals | - | - |
| As at March 31, 2024 | - | - |
| Additions | 8,529 | 8,529 |
| Disposals | - | - |
| As at March 31, 2025 | **8,529** | **8,529** |
| | | |
| **Accumulated depreciation** | | |
| As at March 21, 2024 | | |
| Charge for the period | - | - |
| Disposals | - | - |
| As at March 31, 2024 | - | - |
| Charge for the year | - | - |
| Additions | 597 | 597 |
| Disposals | - | - |
| As at March 31, 2025 | **597** | **597** |
| | | |
| Net book Value | | |
| As at March 31, 2025 | **7,932** | **7,932** |
| As at March 31, 2024 | - | - |

# Cost and net carrying amount of office equipments include computers and information systems of EUR 5,273 and EUR 4,807 as at March 31, 2025 respectively.

**Royal Enfield Europe B.V.**

**Notes forming part of special purpose financial statements for the year ended March 31, 2025**

**All amounts are in EUR unless otherwise stated**

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

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| Traded goods | | |
| -Two Wheelers (includes in transit EUR 998,194) | 998,194 | - |
| -Spares and Accessories (includes in transit EUR 1,85,571) | 185,571 | - |
| | **1,183,765** | - |

During the year, the Company did not recognise any non-moving / slow moving provisons.

**6. Cash and cash equivalents**

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| **Balances with banks:** | | |
| In current accounts | 1,408,804 | - |
| | **1,408,804** | - |

**7. Other current assets**

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| **Unsecured, considered good** | | |
| Advance to suppliers | 25,555 | - |
| Advance to employees | 2,328 | - |
| Balance with government authorities | 77,094 | - |
| Prepaid expenses | 6,218 | - |
| | **111,195** | - |

**8. Equity Share Capital**

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| **Authorised** | | |
| 20,00,000 Equity shares at 1 EUR each | 2,000,000 | - |
| | **2,000,000** | - |
| **Issued, Subscribed and fully paid up** | | |
| 20,00,000 Equity shares at 1 EUR each | | |
| At the beginning of the year | - | - |
| Issued during the year | 2,000,000 | - |
| Outstanding at the end of the year | **2,000,000** | - |

**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, 2025** | **For the period March 21, 2024 to March 31, 2024** |
|---|---|---|
| At the beginning of the year | - | - |
| Issued during the year | 2,000,000 | - |
| Oustanding at the end of the year (March 31, 2024: 20,00,000) | **2,000,000** | - |

The Company has only one class of equity shares having face value of 1 EUR 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, 2025: 100%

**Royal Enfield Europe B.V.**

**Notes forming part of special purpose financial statements for the year ended March 31, 2025**

**All amounts are in EUR unless otherwise stated**

**9. Other equity**

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| **Reserves and Surplus** | | |
| **Retained Earnings** | | |
| Opening balance | - | - |
| Loss for the year | (702,986) | - |
| **Net deficit in the statement of profit and loss** | **(702,986)** | - |

*[The space below has been intentionally left blank]*

ROYAL ENFIELD EUROPE B.V.
**Notes forming part of special purpose financial statements for the year ended March 31, 2025**
**All amounts are in EUR unless otherwise stated**

**10. Trade payables**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Trade payables to related parties (also refer Note 20) | 1,192,668 | - |
| Trade payables to others | 170,897 | - |
| | **1,363,565** | **-** |

| As at March 31, 2025 | Ageing from the due date of payment | | | | | |
|---|---|---|---|---|---|---|
| **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 | 1,363,565 | - | - | - | - | 1,363,565 |
| Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| **Total** | **1,363,565** | **-** | **-** | **-** | **-** | **1,363,565** |

* Includes trade payables which are Not Due amounting to EUR 1,271,756 as at March 31, 2025

**Notes:**
(a) For terms and conditions with related parties refer Note 20
(b) 'Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

*[The space below has been intentionally left blank]*

**11. Purchases of traded goods**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| Two wheelers (also refer Note 20) | 1,183,765 | - |
| | **1,183,765** | - |

**12. Changes in inventories of traded goods**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| **Inventories at the end of the period** | | |
| Traded goods | 1,183,765 | - |
| **Sub-total (A)** | **1,183,765** | - |
| **Inventories at the beginning of the period** | | |
| Traded goods | - | - |
| **Sub-total (B)** | - | - |
| **Net change (B-A)** | **(1,183,765)** | - |

**13. Employee benefits expenses**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| Salaries,wages and bonus | 176,978 | - |
| Staff welfare expenses | 1,970 | - |
| | **178,948** | - |

**14. Depreciation expense**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| Depreciation on property, plant and equipment (refer Note 4) | 597 | - |
| Depreciation on right to use asset (refer Note 24) | 106,620 | - |
| | **107,217** | - |

**15. Finance Costs**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| Interest expense | | |
| On lease liabilities | 12,515 | - |
| **Total** | **12,515** | - |

**16. Other Expenses**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| Other selling and distribution expenses | 714 | - |
| Expense related to short term leases | 59,406 | - |
| Legal and professional charges | 300,075 | - |
| Travelling expenses | 24,646 | - |
| Miscellaneous expenses | 19,465 | - |
| | **404,306** | - |

**ROYAL ENFIELD EUROPE B.V.**
**Notes forming part of special purpose financial statements for the year ended March 31, 2025**
**All amounts are in EUR unless otherwise stated**

**17. Commitments**

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.

**18. Earnings per share**

| Particulars | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| a) Loss for the year as per statement of profit and loss | (702,986) | - |
| b) Equity shares outstanding as at the year / period end | 2,000,000 | - |
| c) Weighted average number of equity shares (Nos.) during the year / period | 458,904 | - |
| c) Earnings per share: | | |
| - Basic/Diluted [(a)/(b)] | **(1.53)** | - |

**19. 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".There are no non-current operating assets outside Netherlands as at March 31, 2025 (March 31, 2024 - NIL).

**20. 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 UK Limited (RE UK) | Fellow Subsidiary |
| Royal Enfield Canada Limited (RECA) | Fellow Subsidiary |
| Royal Enfield North America Limited (RENA) | Fellow Subsidiary |
| Royal Enfield Brasil Comercio De Motocicltas Ltda (RE Brazil) | Fellow Subsidiary |
| Royal Enfield Thailand Ltd. (RETH) | Fellow Subsidiary |

**b) Key Management Personnal:**

| | |
|---|---|
| Mr. Arun Gopal | Director (w.e.f - March 21, 2024) |
| Mr. Edgar Kleinbergen | Director (w.e.f - August 27, 2024) |

**Transactions during the period**

| Name of related party | Nature of transaction | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|---|
| Eicher Motors Limited | Purchase of traded goods, packing materials | 1,183,765 | - |
| Eicher Motors Limited | Equity contribution | 2,000,000 | - |
| Royal Enfield UK Limited | Reimbursement of expenses | 8,903 | - |
| Eicher Motors Limited | Guarantee taken | 605,000 | - |

**Balance outstanding**

| Name of related party | Nature of transaction | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| Eicher Motors Limited | Trade Payables | 1,183,765 | - |
| Eicher Motors Limited | Equity share capital | 2,000,000 | |
| Royal Enfield UK Limited | Trade Payables | 8,903 | - |
| Eicher Motors Limited | Guarantee Outstanding | 605,000 | - |

**Terms and conditions of transactions with related parties**
The purchases from related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the period end are unsecured and interest free and settlement occurs in cash. 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.

The Holding company provides a credit period of 240 days with respect to trade payables by the Company.

**21. Critical Accounting Judgements and key resources of estimation uncertainty**

**Use of estimates**
The preparation of these special purpose financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and 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, 2025 management assessed that the useful lives represent the expected utility of the assets to the company.

*[The space below has been intentionally left blank]*

## 22. 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, 2025 | As at March 31, 2024 |
|---|---|---|
| Lease Liabilities | 1,046,903 | |
| Less: cash and cash equivalents | (1,408,804) | - |
| **Net debt*** | **(361,901)** | **-** |
| | | |
| Equity Share Capital | 2,000,000 | - |
| Other equity | (702,986) | - |
| **Total Equity** | **1,297,014** | **-** |
| **Gearing ratio (%)** | **-28%** | **-** |

## 22.1. Categories of financial instruments

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| **Financial assets at amortized cost** | | |
| **Current** | | |
| Cash and cash equivalents | 1,408,804 | - |
| | | |
| **Financial liabilities at amortized cost** | | |
| **Non current** | | |
| Lease Liabilities | 673,242 | - |
| | | |
| **Current** | | |
| Trade payables | 1,363,565 | - |
| Lease Liabilities | 373,661 | - |

## 23. 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 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.

**23 Financial risk management objectives and Policies (continued)**

**Maturity profile of financial liabilities:**
The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

| Particulars | As at March 31, 2025 | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | >5 Years | Total |
| **Non-current** | | | | |
| (i) Lease liabilities (undiscounted) | - | 697,185 | - | 697,185 |
| **Current** | | | | |
| (i) Lease liabilities (undiscounted) | 408,108 | - | - | 408,108 |
| (ii) Trade payables | 1,363,565 | - | - | 1,363,565 |

| Particulars | As at March 31, 2024 | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | >5 Years | Total |
| **Non-current** | | | | |
| (i) Lease liabilities (undiscounted) | - | - | - | - |
| **Current** | | | | |
| (i) Lease liabilities (undiscounted) | - | - | - | - |
| (ii) Trade payables | - | - | - | - |

**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.

**24. Disclosures in respect of Ind AS 116 "Leases".**

**As a lessee**
The Company has lease contracts for various 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 low value.

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

| Particulars - Buildings | For the year ended March 31, 2025 | For the period March 21, 2024 to March 31, 2024 |
|---|---|---|
| Opening Balance | - | - |
| Additions during the year / period | 1,102,406 | - |
| Depreciation charge for the year / period | (106,620) | - |
| Adjustment / Deletion | - | - |
| **Closing Balance** | **995,786** | **-** |

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

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Current liabilities | 373,661 | - |
| Non Current Liabilities | 673,242 | - |
| **Total Lease liabilities** | **1,046,903** | **-** |

**(iii) Movement in the carrying value of the Lease liabilities**

| **Particulars** | **For the year ended March 31, 2025** | **For the period March 21, 2024 to March 31, 2024** |
|---|---|---|
| Opening Balance | - | - |
| Additions during the year / period | 1,102,406 | - |
| Interest Expense | 12,515 | - |
| Lease Payments [Total Cash Outflow] | (68,018) | - |
| Adjustments | - | - |
| **Closing Balance** | **1,046,903** | **-** |

**(iv) Contractual maturities of Lease liabilities outstanding (undiscounted)**

| **Particulars** | **As at March 31, 2025** | **As at March 31, 2024** |
|---|---|---|
| Less than one year | 408,108 | - |
| One to five years | 697,185 | - |
| More than five years | - | - |
| **Total** | **1,105,293** | **-** |

Lease expenses relating to short term leases aggregated to EUR 59,406 during the period ended March 31, 2025.
Lease liabilities are recognised at weighted average incremental borrowing rate of 3.92%.
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** | **For the year ended March 31, 2025** | **For the period March 21, 2024 to March 31, 2024** |
|---|---|---|
| Depreciation expense of right-of-use assets | 106,620 | - |
| Interest expense on lease liabilities | 12,515 | - |
| 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) | - | - |
| **Total** | **119,135** | **-** |

**25.** The Company did not have any long term contracts including derivative contracts for which there are material foreseeable losses.

**26.** The Company does not have any litigation during the year or any litigation pending/contingent liabilities not provided for at March 31, 2025.

**27.** There are no events that occurred after the reporting period.

**28.** The Company does not have any deferred tax liability and has not recognised any deferred tax asset as at March 31, 2025 on its tax losses as currently there is no reasonable certainty in realisation of deferred tax assets.

**29. Prior year comparatives**

The Company was incorporated on March 21, 2024 and commenced its operations from April 01, 2024, consequently the prior period comparatives (from March 21, 2024 to March 31, 2024) are NIL.

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
FRN : 301003E/E300005

**For and on Behalf of Board of Directors of Royal Enfield Europe B.V.**

**Sonika Loganey**
Partner
Membership No : 502220
Place: Gurugram
Date: May, 07 2025

**Arun Gopal**
Director
Place: Utrecht, Netherlands
Date: May, 07 2025

**Edgar Kleinbergen**
Director
Place: Utrecht, Netherlands
Date: May, 07 2025