

INDEPENDENT AUDITOR'S REPORT

To the Members of Royal Enfield North America Limited

Report on Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Royal Enfield North America Limited ("the Company"). These special purpose financial statements 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 year then ended, 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 and for the year ended March 31, 2025 are 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 (as amended) 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 (as amended) issued by the RBI as at and for the year 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 that give a true and fair view of the financial position, financial performance which comprise the Statement of Profit and Loss including other comprehensive income, cash flows and changes in equity of the Company in accordance with the basis of accounting described in Note 2 of 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 (as amended) 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: Chennai

Date: May 09, 2025

ROYAL ENFIELD NORTH AMERICA LIMITED
BALANCE SHEET AS AT MARCH 31, 2025
ALL AMOUNTS ARE IN USD 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	826,275	914,553
(b) Capital work in Progress	5	3,438	10,912
(c) Right-of-use Assets	6	6,892,130	9,361,267
(d) Financial assets			
(i) Investments in subsidiary	7	13,280	13,280
(ii) Other financial assets	12	3,000	6,200
(e) Deferred tax assets (net)	8	-	771,358
(f) Non-Current tax asset (net)	13	22,994	152,864
Total non-current assets		7,761,117	11,230,434
Current assets			
(a) Inventories	9	14,307,219	20,760,047
(b) Financial assets			
(i) Trade receivables	10	3,841,022	1,626,682
(ii) Cash and cash equivalents	11	1,428,168	764,308
(iii) Other financial assets	12	725,994	449,721
(c) Other current assets	14	968,380	886,619
Total current assets		21,270,783	24,487,377
Total assets		29,031,900	35,717,811
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	5,242,601	5,242,601
(b) Other equity	16	(7,828,253)	(1,298,454)
Total equity		(2,585,652)	3,944,147
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	41	5,351,110	8,011,831
Total non-current liabilities		5,351,110	8,011,831
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	9,300,000	12,390,000
(ii) Lease liabilities	41	2,409,312	2,046,685
(iii) Trade payables	18	13,585,428	8,722,842
(iv) Other financial liabilities	19	714,066	372,622
(b) Contract liability	20	182,874	151,301
(c) Other current liabilities	21	74,762	78,383
Total current liabilities		26,266,442	23,761,833
Total liabilities		31,617,552	31,773,664
Total equity and liabilities		29,031,900	35,717,811
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
ICAI Firm registration Number : 301003E/E300005

For and on Behalf of Board of Directors of
Royal Enfield North America Limited

Sonika Loganey
Partner
Membership No.: 502220
Place: Gurugram
Date: May 09, 2025

Krishnan Ramaswamy
Director
Place: Milwaukee
Date: May 09, 2025

Vidhya Srinivasan
Director
Place: Chennai
Date: May 09, 2025

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations	22	31,920,883	30,914,332
Other income	23	481,113	8,674
		32,401,996	30,923,006
EXPENSES			
Purchases of traded goods	24	14,215,914	15,984,412
Changes in inventories of traded goods	25	6,452,828	4,916,391
Employee benefit expenses	26	4,386,827	3,418,909
Finance costs	27	1,869,898	2,168,934
Depreciation and amortisation expense	28	2,711,779	2,543,259
Other expenses	29	8,500,122	8,350,114
Total expenses		38,137,368	37,382,020
Profit/(loss) before tax		(5,735,372)	(6,459,013)
Tax expense			
Current tax	30	23,070	12,414
Deferred tax	30	771,357	(867,377)
Total tax expense / (credit)		794,427	(854,963)
Profit / (Loss) for the year		(6,529,799)	(5,604,051)
Other comprehensive income		-	-
Total comprehensive income for the year		(6,529,799)	(5,604,051)
Earnings per share			
(a) Basic	33	(65.30)	(56.04)
(b) Diluted	33	(65.30)	(56.04)
(No face value of shares defined)			
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
ICAI Firm registration Number : 301003E/E300005

For and on Behalf of Board of Directors of
Royal Enfield North America Limited

Sonika Loganey
Partner
Membership No.: 502220
Place: Gurugram
Date: May 09, 2025

Krishnan Ramaswamy
Director
Place: Milwaukee
Date: May 09, 2025

Vidhya Srinivasan
Director
Place: Chennai
Date: May 09, 2025

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	(5,735,372)	(6,459,013)
Adjustments for:		
Depreciation and amortisation expenses	2,711,779	2,543,259
Loss/(Gain) on disposal of property, plant and equipment	43,302	17,965
Finance costs	1,869,898	2,168,934
Operating profit/(loss) before changes in working capital	(1,110,393)	(1,728,855)
Changes in working capital:		
Adjustments for (increase)/decrease in non-current assets:		
Other financial assets	3,200	-
Adjustments for (increase)/decrease in current assets:		
Inventories	6,452,829	4,916,391
Trade receivables	(2,214,341)	3,064,784
Other financial assets	(276,273)	337,069
Other current assets	(81,761)	(535,182)
Adjustments for increase/(decrease) in current liabilities:		
Trade payables	4,862,586	(2,453,061)
Other financial liabilities	341,444	53,381
Contract liabilities	31,573	4,497
Other current liabilities	(3,622)	36,610
Net cash flow from / (used in) operating activities	8,005,242	3,695,634
Less: Direct Taxes paid / (Refund)	(106,800)	339,385
Net cash flow from / (used in) operating activities (A)	8,112,042	3,356,249
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Payment for Property, plant and equipment	(377,835)	(355,644)
Proceeds from disposal of property, plant and equipment	85,103	3,450
Net cash flow from / (used in) investing activities (B)	(292,732)	(352,194)
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid on lease liabilities	(603,669)	(686,962)
Payment of principal portion of lease liabilities	(2,195,551)	(1,602,244)
Other Interest Payment	(1,266,229)	(1,481,972)
Availment of short term borrowings	1,000,000	8,080,000
Repayment of short term borrowings	(4,090,000)	(6,890,000)
Net cash flow from / (used in) financing activities (C)	(7,155,449)	(2,581,178)
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	663,862	422,877
Cash and cash equivalents at the beginning of the year	764,307	341,430
Cash and cash equivalents at the end of the year	1,428,168	764,307

Particulars	As at March 31, 2025	As at March 31, 2024
Components of cash and cash equivalents		
Cash on hand	-	0
Balances with banks:		
In current accounts	1,428,168	764,308
Cash and cash equivalents as per balance sheet (refer note 11)	1,428,168	764,308
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

ICAI Firm registration Number : 301003E/E300005

**For and on Behalf of Board of Directors of
Royal Enfield North America Limited**

Sonika Loganey

Partner

Membership No.: 502220

Place: Gurugram

Date: May 09, 2025

Krishnan Ramaswamy

Director

Place: Milwaukee

Date: May 09, 2025

Vidhya Srinivasan

Director

Place: Chennai

Date: May 09, 2025

ROYAL ENFIELD NORTH AMERICA LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

a. Equity share capital

Particulars	Number of shares	Amount
Balance as at April 01, 2023	100,000	5,242,601
Changes in equity share capital during the year	-	-
Balance as at March 31, 2024	100,000	5,242,601
Changes in equity share capital during the year	-	-
Balance as at March 31, 2025	100,000	5,242,601

b. Other Equity

Particulars	Retained earnings
Balance as at April 01, 2023	4,305,595
Profit/(Loss) for the year	(5,604,049)
Balance as at March 31, 2024	(1,298,454)
Profit/(Loss) for the year	(6,529,799)
Balance as at March 31, 2025	(7,828,253)

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

ICAI Firm registration Number : 301003E/E300005

For and on Behalf of the Board of Directors of Royal
Enfield North America Limited

Sonika Loganey

Partner

Membership No.: 502220

Place: Gurugram

Date: May 09, 2025

Krishnan Ramaswamy

Director

Place: Milwaukee

Date: May 09, 2025

Vidhya Srinivasan

Director

Place: Chennai

Date: May 09, 2025

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

1. Corporate Information

Royal Enfield North America Limited ("RENA" or "the Company") was incorporated on March 23, 2015 as Wisconsin Stock For Profit Corporation under chapter 180 of the Wisconsin Statutes, the Company, a wholly owned subsidiary of Eicher Motors Limited (Holding Company). The Company is into trading of two wheelers, spares and accessories in the North America. The special purpose financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 09, 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 special purpose financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements are presented in USD, 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. Summary of 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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

b. 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 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).

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.

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).

c. 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 Group 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.

ii) Lease Liabilities

ROYAL ENFIELD NORTH AMERICA LIMITED**NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025**

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

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.

d. 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.

e. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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. Share-based payment arrangements

Employees (including senior executives) of the Company receive remuneration under the scheme of the holding company, Eicher Motors Limited, in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

That cost is recognised, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

h. 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.

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

i. 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
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.

j. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Estimated useful lives of intangible assets

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

k. 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 years. A reversal of an impairment loss is recognised immediately in profit or loss.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

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.

l. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories of traded goods and packing materials are determined on a moving weighted average. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

m. Provisions and Contingent Liabilities

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).

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions, contingent liabilities are reviewed at each Balance Sheet date.

n. 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):

- a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) 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):

- a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- b) 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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

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

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated at FVTPL are measured at 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.

Investment in subsidiaries and joint ventures is carried at cost in the separate financial statements.

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.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on historical credit loss experience and adjustments for forward looking information.

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.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

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.

o. Cash and cash equivalents

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

For the purpose of the Standalone statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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 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 NORTH AMERICA LIMITED

NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025

q. New and amended standards

(i) Ind AS 117 Insurance Contracts

The Ministry of Corporate Affairs (MCA) - India notified the Ind AS 117, Insurance Contracts, vide notification dated 12 August 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024 India, 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 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.

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

4. Property, plant and equipment

Particulars	Leasehold Improvements	Tools and electrical fittings	Furniture and fixtures	Office equipments#	Vehicles	Total
Cost						
At April 01, 2023	17,216	369,408	49,955	95,850	1,228,904	1,761,332
Additions	94,157	77,904	858	27,462	209,356	409,737
Disposals	-	-	-	7,645	35,899	43,543
At March 31, 2024	111,373	447,312	50,813	115,667	1,402,361	2,127,525
Additions	-	154	2,948	14,239	367,969	385,310
Disposals	-	83,533	2,916	3,037	410,836	500,322
At March 31, 2025	111,373	363,933	50,845	126,869	1,359,494	2,012,513
Accumulated depreciation						
At April 01, 2023	17,216	317,478	48,890	75,565	456,999	916,148
Charge for the year	12,964	47,164	359	15,736	242,753	318,976
Disposals	-	-	-	7,465	14,687	22,152
At March 31, 2024	30,180	364,642	49,249	83,836	685,065	1,212,972
Charge for the year	18,831	16,133	580	16,114	293,525	345,183
Disposals	-	83,533	2,916	3,037	282,431	371,917
At March 31, 2025	49,011	297,242	46,913	96,913	696,159	1,186,238
Net book Value						
At March 31, 2025	62,362	66,691	3,932	29,956	663,334	826,275
At March 31, 2024	81,193	82,670	1,564	31,831	717,295	914,553

Cost and net carrying amount of office equipments include computers and information systems of USD 59,947 as at March 31, 2025 (USD 50,888 as at March 31, 2024) and USD 14,163 as at March 31, 2025 (USD 13,603 as at March 31, 2024), respectively.

5. Capital Work in Progress

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Work in Progress	3,438	10,912

As at March 31, 2025

Particulars	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Other Capital work-in-progress	3,438	-	-	-	3,438
Total	3,438	-	-	-	3,438

There are no capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2025.

As at March 31, 2024

Particulars	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Other Capital work-in-progress	10,912	-	-	-	10,912
Total	10,912	-	-	-	10,912

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

6. Right-of-use Assets:

Particulars	Right to use asset
Cost	
At April 01, 2023	4,932,296
Additions	7,905,110
Disposals	-
At March 31, 2024	12,837,406
Additions	51,614
Adjustment/Disposals	154,156
At March 31, 2025	12,734,864
Accumulated amortisation	
At April 01, 2023	1,251,856
Charge for the year	2,224,283
Disposals	-
At March 31, 2024	3,476,139
Charge for the year	2,366,595
Adjustment/Disposals	-
At March 31, 2025	5,842,734
Net book Value	
At March 31, 2025	6,892,130
At March 31, 2024	9,361,267

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED
7. Investment in subsidiary

Particulars	As at March 31, 2025	As at March 31, 2024
Investment in equity instruments of subsidiary company (unquoted)		
100 Equity shares (PY-100 shares) in Royal Enfield Canada Limited (No face value)	13,280	13,280
Total	13,280	13,280

8. Deferred Tax Assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets		
- Carry forward Losses	188,371	927,310
Deferred tax liability		
- Property, plant & equipment	(155,326)	(114,335)
- Prepaid expenses	(33,045)	(41,617)
Deferred tax asset / (liability), net	0	771,358

9. Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2025	As at March 31, 2024
Traded Goods		
Two Wheelers [includes in transit USD 422,788 (March 31, 2024 USD 4,413,879)]	13,200,157	19,392,642
Spares & Allied Products [includes in transit USD 306,049 (March 31, 2024 USD 217,445)]	1,107,062	1,367,405
	14,307,219	20,760,047

Inventories are net of non-moving/slow-moving provisions. During the year USD 256,397 (March 31, 2024 : USD 778,262) was recognised as an expense in the Statement of Profit and Loss.

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

10. Trade receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Related parties (refer note 35)		
Unsecured, considered good	568,825	236,873
Others		
Unsecured, considered good	3,272,197	1,389,809
Trade Receivables - credit impaired	95,165	-
Sub-total	3,936,187	1,626,682
Less : Impairment allowance (allowance for bad and doubtful debts)	(95,165)	-
Total	3,841,022	1,626,682

As at March 31, 2025

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	3,191,575	649,447	-	-	-	-	3,841,022
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	58,128	33,562	3,475	-	95,165
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	3,191,575	649,447	58,128	33,562	3,475	-	3,936,187

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	1,339,848	228,884	41,933	16,016	-	-	1,626,682
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	1,339,848	228,884	41,933	16,016	-	-	1,626,682

Notes:

- (a) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
(b) Trade receivables are non interest bearing and are generally on terms of 30-60 days.
(c) For terms and conditions for related party refer Note 35
(d) There are no unbilled receivables, hence the same is not disclosed in the ageing schedule

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

11. Cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balances with banks:		
In current accounts	1,428,168	764,308
Total	1,428,168	764,308

As at March 31, 2025, the Company had available USD 8,400,000 (March 31, 2024: 53,10,000) of undrawn committed borrowing facilities.

12. Other financial assets

Particulars	As at March 31, 2025	As at March 31, 2024
Non - Current		
Unsecured, considered good		
Security deposits (carried at amortised cost)	3,000	6,200
Current		
Unsecured, considered good		
Receivable from Holding company (also refer note 35)	702,140	449,721
Receivable from subsidiary company (also refer note 35)	23,855	-
Total	725,994	449,721

13. Non-Current tax asset (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Tax liabilities		
Provision for income tax	16,836	-
Tax Assets		
Advance income tax	39,830	152,864
Current tax asset/(liability), net	22,994	152,864

14. Other current assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Advance to suppliers	656,923	515,264
Prepaid expenses	157,357	198,176
Other receivables	154,100	173,179
	968,380	886,619

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

15. Equity share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Authorised		
1,00,000 (March 31, 2024 : 1,00,000) Equity shares (no face value)	5,242,601	5,242,601
Total	5,242,601	5,242,601
Issued, Subscribed and fully paid up		
1,00,000 (March 31, 2024 : 1,00,000) Equity shares (no face value)	5,242,601	5,242,601
Total	5,242,601	5,242,601

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
At the beginning of the year (April 1, 2024: 1,00,000 and April 1, 2023: 1,00,000 Equity shares)	5,242,601	5,242,601
Issued during the year	-	-
Outstanding at the end of the year (March 31, 2025: 1,00,000 and March 31, 2024: 1,00,000 Equity shares)	5,242,601	5,242,601

The Company has only one class of equity shares having face value of NIL.

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 shareholder.

% holding by Eicher Motors Limited as at March 31, 2025: 100% (March 31, 2024: 100%)

16. Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
Retained earnings		
Deficit in the statement of profit and loss		
Opening balance	(1,298,454)	4,305,595
Add: Profit/(Loss) for the year	(6,529,799)	(5,604,049)
Net Surplus/(deficit) in the statement of profit and loss	(7,828,253)	(1,298,454)

17. Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Working Capital loan from banks (Secured)	9,300,000	12,390,000
Total	9,300,000	12,390,000

Working capital loans are against Corporate Guarantee given by the Holding Company, Eicher Motors Limited with average repayment period being 3 months and carries interest @ 6.17% p.a to 7.13% p.a.

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED
18. Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade payables to related parties (also refer note 35)	10,313,394	6,402,026
Trade payables to others	3,272,034	2,320,816
	13,585,428	8,722,842

As at March 31, 2025

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,025,089	1,419,578	10,140,420	-	341	-	13,585,428
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	2,025,089	1,419,578	10,140,420	-	341	-	13,585,428

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	< 1 year	1 - 2 years	2 - 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,875,028	4,962,917	1,884,897	-	-	-	8,722,842
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	1,875,028	4,962,917	1,884,897	-	-	-	8,722,842

Notes:

- (a) For terms and conditions with related parties refer Note 35
(b) Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

19. Other financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Current		
Employee dues	506,190	360,887
Employee stock option plan payable (refer Note 35 and Note 40)	197,987	-
Interest accrued but not due	9,889	11,735
	714,066	372,622

20. Contract Liability

Particulars	As at March 31, 2025	As at March 31, 2024
Advance from customers	182,874	151,301
	182,874	151,301

21. Other current liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Current		
Statutory remittances (Federal Tax payable, Payroll State tax and Milwaukee Sales tax)	74,762	78,383
Payable to employees	-	-
	74,762	78,383

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
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22. Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of traded goods (recognised at a point in time)		
Two-Wheelers	26,470,572	25,721,208
Spare parts, accessories and other allied products	2,412,172	1,787,372
Total (A)	28,882,744	27,508,580
Other Operating Revenue		
Freight Recovery	3,038,139	3,405,752
Total (B)	3,038,139	3,405,752
Grand Total (A+ B)	31,920,883	30,914,332

Reconciling the amount of revenue recognised in the statement off profit & loss with the contracted price

Revenue as per contracted price	31,727,504	30,786,641
Adjustments :		
- Trade Discount	2,844,761	3,278,061
	28,882,744	27,508,580

Contract Balances

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Trade receivables (refer note 10)	3,841,022	1,626,681
Contract liabilities (refer note 20)	182,874	151,301

23. Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Income from Sales & marketing support (refer note 35)	388,167	-
Miscellaneous income	92,946	8,674
Total	481,113	8,674

24. Purchases of traded goods

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Two wheelers	11,932,565	13,093,143
Spare parts, accessories and other allied products	2,283,349	2,891,269
Total	14,215,914	15,984,412

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
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25. Changes in inventories of traded goods

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Inventories at the end of the year		
Traded goods	14,307,219	20,760,047
Sub-total (A)	14,307,219	20,760,047
Inventories at the beginning of the year		
Traded goods	20,760,047	25,676,438
Sub-total (B)	20,760,047	25,676,438
Net change (B-A)	6,452,828	4,916,391

26. Employee benefit expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries,wages and bonus	3,812,861	3,158,759
Employee stock option plan expense (refer note 40)	254,000	-
Social security tax expense	312,217	247,201
Staff welfare expenses	7,749	12,949
Total	4,386,827	3,418,909

27. Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense		
On borrowings	698,250	820,182
On bills discounting	567,979	661,790
On lease liabilities (refer note 41)	603,669	686,962
Total	1,869,898	2,168,934

28. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation on Property, Plant and Equipment (refer note 4)	345,184	318,976
Depreciation on Right to Use Assets (refer note 6)	2,366,595	2,224,283
Total	2,711,779	2,543,259

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED
29. Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Consumption of stores and spares	38,464	42,921
Power and fuel	5,114	5,475
Insurance	768,834	647,697
Repairs and maintenance	87,669	73,626
Rates and taxes	26,572	47,504
Advertisement	1,428,593	1,714,481
Freight and handling charges	2,847,632	2,534,271
Vehicle Hire Charges	39,234	77,758
Other selling and distribution expenses	1,330,647	970,594
Expense related to short term leases	254,951	861,941
Legal and professional charges	746,495	509,097
Travelling expenses	651,189	584,935
Communication expenses	49,958	46,330
Exchange loss (net)	6,210	-
Miscellaneous expenses	175,257	215,519
Loss on Sale of Property, Plant and equipment	43,302	17,965
Total	8,500,122	8,350,114

30. Income tax recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax		
In respect of the current year	23,070	12,414
Deferred tax		
In respect of the current year	771,357	(867,377)
Total income tax expense/(credit) recognised in the current year	794,427	(854,963)

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

Particulars	For the year ended March 31, 2025	For the Year ended March 31, 2024
Profit/(Loss) Before Tax	(5,735,372)	(6,459,013)
Tax expense/ (income) @ 25%	(1,433,843)	(1,614,753)
Adjustment of carry-forward losses (non-recognition of DTA)	2,193,364	-
Income tax provision / reversal of earlier years	34,906	759,790
Tax expense/ (Income)	794,427	(854,963)
Net difference	-	1

ROYAL ENFIELD NORTH AMERICA LIMITED**NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025****ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED****31. Commitments**

The Company has commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employee's benefits including agreement in normal course of business. The Company does not have any capital commitments or long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

32. Contingent Liabilities not provided for

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Claims against the Company not acknowledged as debts*	-	-

*During the current year, the Company has received two consumer lawsuits for which a provision of \$ 40,000 has been created in the books.

33. Earnings per share

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a) Profit/(Loss) for the year as per statement of profit and loss	(6,529,799)	(5,604,051)
b) Weighted average number of equity shares (Nos.)	100,000	100,000
c) Earnings per share:		
- Basic/Diluted [(a)/(b)]	(65.30)	(56.04)

34. 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".

Geographical information

The "Geographical Segments" comprises of domestic segment which includes sales to customers located in US and the overseas segment includes sales to customers located outside US.

	Domestic	Overseas	Total
Revenue from operations			
For the year ended March 31, 2025	28,901,546	3,019,337	31,920,883
For the year ended March 31, 2024	28,453,961	2,460,371	30,914,332
Non-current segment assets			
As at March 31, 2025	7,747,837	13,280	7,761,117
As at March 31, 2024	11,217,154	13,280	11,230,434

a) Domestic segment includes sales and services to customers located in US.

b) Overseas segment includes sales and services rendered to customers located outside US.

c) Non-current segment assets include property, plant and equipment, non-current financial assets and other non-current assets.

d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue have been identified to segments on the basis of their relationship to the operating activities of the segment.

ROYAL ENFIELD NORTH AMERICA LIMITED**NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025****ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED****35. Related party disclosures**

a) Names of related parties and their relationship:

Name of related party	Nature of Relationship
Eicher Motors Limited (EML)	Holding Company
Royal Enfield Canada Limited (RECA)	Subsidiary Company
Royal Enfield Brasil Comercio De Motocicltas Ltda	Subsidiary of Holding company
Royal Enfield Thailand Ltd. (RETH)	Subsidiary of Holding company
Royal Enfield UK Limited (REUK)	Subsidiary of Holding company
Royal Enfield Europe B.V.	Subsidiary of Holding company

b) Key Management Personnel:

Mr. Govindarajan Balakrishnan	Director (Resigned w.e.f Sep 20, 2024)
Mr. Krishnan Ramaswamy	Director
Mr. Shray Gupta	Director (Resigned w.e.f Jan 28, 2025)
Ms. Vidhya Srinivasan	Director (w.e.f Sep 20, 2024)

c) Transactions with the related parties

Particulars	EML		RECA	
	For the year ended March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2024
Purchase of traded goods, packing materials	12,704,492	21,964,138	-	-
Purchase return of traded goods	-	(7,016,683)		
Sale of traded goods	-	-	2,795,708	2,257,502
Income from Sales & marketing support	388,167			
Reimbursement of expense to the Company	1,745,022	1,754,266	-	331,888
Employee Stock option expense reimbursement	254,000	-	-	-
Aggregate balances outstanding as at the year end				
- Trade Payables	10,313,394	6,402,026	-	-
- Trade Receivables	-	-	568,825	236,873
- Other Receivables	601,749	173,179	23,855	17,320
- Warranty Receivable	100,391	449,721	-	-
- Employee stock option payable	197,987	-	-	-
- Guarantees taken	19,000,000	19,000,000	-	-

d) Transactions with key management personnel

Particulars	Mr. Krishnan Ramaswamy (Director)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus	280,010	299,515
Employee dues	6,001	4,793
Loans given	190,110	104,110
Balance (outstanding)/Receivable as at the year end	-	-

ROYAL ENFIELD NORTH AMERICA LIMITED**NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025****ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED****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, 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2024 : 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.

The Company provides a credit period of 30-60 days with respect to trade receivables from RECA and EML.

The Company provides a credit period of 90 days with respect to trade payables to EML.

36. Critical Accounting Judgements and key resources of estimation uncertainty**Use of estimates**

In the application of the Company's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

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. Further, there is no significant change in useful lives as compared to the previous year.

Investment in equity instruments of subsidiary company

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

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED

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

38. 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:

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Borrowings (refer note no. 17)	9,300,000	12,390,000
Lease Liabilities	7,760,422	10,058,516
Less: cash and cash equivalents (refer note no. 11)	(1,428,168)	(764,308)
Net debt	15,632,254	21,684,208
Equity Share Capital	5,242,601	5,242,601
Other equity	(7,828,253)	(1,298,454)
Total Equity	(2,585,652)	3,944,147
Gearing ratio (%)	-605%	550%

38.1. Categories of financial instruments

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Financial assets at amortised cost		
Non-current		
Other financial assets	3,000	6,200
Current		
Trade receivables	3,841,022	1,626,681
Cash and cash equivalents	1,428,168	764,308
Other financial assets	725,994	197,336
Financial liabilities at amortised cost		
Non-current		
Lease Liabilities	5,351,110	8,011,831
Current		
Lease Liabilities	2,409,312	2,046,685
Borrowings	9,300,000	12,390,000
Trade payables	13,585,428	8,722,842
Other financial liabilities	714,066	366,879

ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
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39. Financial risk management objectives and Policies

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks include 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 loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings.

Interest rate risk:

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

Exposure to Interest rate risk

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Floating rate borrowings	9,300,000	12,390,000

Interest rate sensitivity

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
25 bp increase - Decrease in profit/(loss)	27,113	29,488
25 bp decrease - Increase in profit/(loss)	27,113	29,488

Foreign currency risk

The Company undertakes transactions denominated in foreign currency; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Foreign currency exposure	As at March 31, 2025		As at March 31, 2024	
	Trade Receivables	Trade Payables	Trade Receivables	Trade Payables
CAD	709,300	-	742,846	-

Foreign currency sensitivity

The company uses the sensitivity rate of 5% when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Change in rate	Effect on profit before tax	Change in rate	Effect on profit before tax
CAD	5%	35,465	5%	37,142
	-5%	(35,465)	-5%	(37,142)

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's management is responsible for liquidity, funding as well as settlement management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

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)	-	5,733,987	-	5,733,987
Current				
(i) Borrowings	9,300,000	-	-	9,300,000
(ii) Lease liabilities (undiscounted)	2,857,060	-	-	2,857,060
(iii) Trade payables	13,585,428	-	-	13,585,428
(iv) Other financial liabilities	714,066	-	-	714,066

ROYAL ENFIELD NORTH AMERICA LIMITED
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Particulars	As at March 31, 2024			
	Less than 1 year	1 to 5 years	>5 Years	Total
Non-current				
(i) Lease liabilities (undiscounted)	-	8,011,831	-	8,011,831
Current				
(i) Borrowings	12,390,000	-	-	12,390,000
(ii) Lease liabilities (undiscounted)	2,618,058	-	-	2,618,058
(iii) Trade payables	8,722,842	-	-	8,722,842
(iv) Other financial liabilities	366,879	-	-	366,879

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

40.Share based payments

Pursuant to the approval accorded by shareholders of the holding company, Eicher Motors Limited ('EML'), at their Annual General Meeting held on 5th July 2006, the Nomination and Remuneration Committee of EML formulated 'Eicher Employee Stock Option Plan 2006' (ESOP Scheme 2006).

Eicher Employee Stock Option Plan is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Holding Company and its subsidiaries. The eligibility of employees to receive grants under the Plan has to be decided by the Nomination and Remuneration Committee from time to time at its sole discretion.

Vesting of the options shall take place in the manner determined by the Nomination and Remuneration Committee at the time of grant provided the vesting period shall not be more than 5 (five) years and not less than 1 year from the date of grant.

Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment with the Company and such other conditions as provided under EML's Employee Stock Option Plan, 2006.

The Exercise Price of each grant is determined by the Nomination and Remuneration Committee at the time of grant, provided that the Exercise Price shall not be less than the closing market price of the shares of the Company on NSE/BSE on the day preceding the date of grant of Options.

The options granted can be exercised at any time until completion of seven years from the date of vesting. Any options remaining unexercised at the end of the exercise period shall lapse. At the time of exercise the participant may pay the exercise price in the form of payment as approved by the Compensation Committee.

Each employee share option converts into one equity share of EML on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following table summarises stock options for each of the years presented:

	March 31, 2025
	Number
Outstanding at on April 01	14,600
Granted during the year	6,825
Forfeited during the year	5,000
Exercised during the year	6,000
Outstanding at on March 31	10,425
Exercisable at March 31	

Effect of share-based payment transactions on the entity's Profit or Loss:

Particulars	For the Year ended March 31, 2025
Share-based payments	254,000

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ROYAL ENFIELD NORTH AMERICA LIMITED
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2025
ALL AMOUNTS ARE IN USD UNLESS OTHERWISE STATED
41. 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.

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

Particulars - Buildings	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	9,361,267	3,680,440
Depreciation charge for the Period	(2,366,595)	(2,224,283)
Additions during the Period	51,614	7,905,110
Adjustment/Deletion	(154,156)	-
Closing Balance	6,892,130	9,361,267

(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	2,409,312	2,046,685
Non Current Liabilities	5,351,110	8,011,831
Total Lease liabilities	7,760,422	10,058,516

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	10,058,515	3,755,649
Interest Expense	603,669	686,962
Lease Payments [Total Cash Outflow]	(2,799,220)	(2,289,206)
Additions during the year	51,614	7,905,110
Adjustments	(154,156)	-
Closing Balance	7,760,422	10,058,515

(iv) Contractual Maturities of Lease liabilities outstanding

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	2,857,060	2,618,058
One to five Years	5,733,987	8,166,690
More than Five years	-	-
Total	8,591,047	10,784,748

458,718,960

Lease expenses relating to short term leases aggregated to USD 254,951 during the year ended March 31, 2025 (year ended March 31, 2024: USD 494,091)

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	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation expense of right-of-use assets	2,366,595	2,224,283
Interest expense on lease liabilities	603,669	686,962
Variable lease payments (included in other expenses)	254,951	861,941
Total	3,225,215	3,773,186

42. There are no events that occurred after the reporting period.

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration Number : 301003E/E300005

For and on Behalf of the Board of Directors of Royal Enfield North America Limited

Sonika Loganey
Partner
Membership No.: 502220
Place: Gurugram
Date:

Krishnan Ramaswamy
Director
Place: Milwaukee
Date:

Vidhya Srinivasan
Director
Place: Chennai
Date: