

Royal Enfield (Thailand) Ltd.
Report and financial statements
31 March 2023

Independent Auditor's Report

To the Shareholders of Royal Enfield (Thailand) Ltd.

Opinion

I have audited the accompanying financial statements of Royal Enfield (Thailand) Ltd. (the Company), which comprise the statement of financial position as at 31 March 2023, and the related statements of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Royal Enfield (Thailand) Ltd. as at 31 March 2023 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.

A handwritten signature in black ink, appearing to read 'Kosum Cha-em'. The signature is written in a cursive style with a large initial 'K'.

Kosum Cha-em

Certified Public Accountant (Thailand) No. 6011

EY Office Limited

Bangkok: 5 May 2023

Royal Enfield (Thailand) Ltd.

Statement of financial position

As at 31 March 2023

		(Unit: Baht)	
	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents		25,938,952	36,647,096
Trade and other receivables	6	9,039,288	2,080,510
Inventories	7	97,594,831	62,421,370
Other current assets			
VAT refundable		938,354	1,162,102
Others		4,224,129	3,234,549
Total current assets		<u>137,735,554</u>	<u>105,545,627</u>
Non-current assets			
Leasehold improvement and equipment	8	59,916,479	43,540,355
Other non-current assets		1,357,874	2,718,712
Total non-current assets		<u>61,274,353</u>	<u>46,259,067</u>
Total assets		<u><u>199,009,907</u></u>	<u><u>151,804,694</u></u>

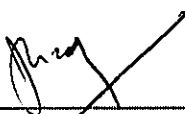
The accompanying notes are an integral part of the financial statements.

Royal Enfield (Thailand) Ltd.
Statement of financial position (continued)
As at 31 March 2023

	Note	2023	2022
(Unit: Baht)			
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from bank	9	20,000,000	-
Trade and other payables	10	97,575,469	73,259,965
Other current liabilities		1,930,704	968,616
Total current liabilities		119,506,173	74,228,581
Non-current liabilities			
Provision for long-term employee benefits	11	4,632,493	2,743,826
Total non-current liabilities		4,632,493	2,743,826
Total liabilities		124,138,666	76,972,407
Shareholders' equity			
Share capital			
Registered			
22,950,000 ordinary shares of Baht 5 each		114,750,000	114,750,000
Issued and fully paid			
22,950,000 ordinary shares of Baht 5 each		114,750,000	114,750,000
Deficits		(39,878,759)	(39,917,713)
Total shareholders' equity		74,871,241	74,832,287
Total liabilities and shareholders' equity		199,009,907	151,804,694

The accompanying notes are an integral part of the financial statements.

Krishnan Ramaswamy


Shray Gupta

Directors



Royal Enfield (Thailand) Ltd.

Income statement

For the year ended 31 March 2023

		(Unit: Baht)	
	Note	2023	2022
Revenues			
Sales		574,113,599	329,977,791
Other income		867,339	224,093
Total revenues		<u>574,980,938</u>	<u>330,201,884</u>
Expenses			
Cost of sales		409,962,981	242,185,813
Selling and distribution expenses		122,262,565	58,078,099
Administrative expenses		42,423,845	37,683,529
Total expenses		<u>574,649,391</u>	<u>337,947,441</u>
Profit (loss) before finance cost		331,547	(7,745,557)
Finance cost		(292,593)	(257,244)
Net profit (loss) for the year	12	<u><u>38,954</u></u>	<u><u>(8,002,801)</u></u>

The accompanying notes are an integral part of the financial statements.

Royal Enfield (Thailand) Ltd.

Statement of changes in shareholders' equity

For the year ended 31 March 2023

(Unit: Baht)

	Issued and paid-up share capital	Deficits	Total
Balance as at 1 April 2021	83,750,000	(31,914,912)	51,835,088
Increase in share capital	31,000,000	-	31,000,000
Net loss for the year	-	(8,002,801)	(8,002,801)
Balance as at 31 March 2022	<u>114,750,000</u>	<u>(39,917,713)</u>	<u>74,832,287</u>
Balance as at 1 April 2022	114,750,000	(39,917,713)	74,832,287
Net profit for the year	-	38,954	38,954
Balance as at 31 March 2023	<u>114,750,000</u>	<u>(39,878,759)</u>	<u>74,871,241</u>

The accompanying notes are an integral part of the financial statements.

Royal Enfield (Thailand) Ltd.
Notes to financial statements
For the year ended 31 March 2023

1. General information

Royal Enfield (Thailand) Ltd. (“the Company”) is a limited company incorporated and domiciled in Thailand. Its parent company is Eicher Motors Limited, which was incorporated in India. The Company is principally engaged to carry on the business of manufacturing, import, export, wholesale trading of motorcycles, motorcycle parts, components, apparels and accessories including other related goods. The registered office of the Company is at 90 CW Tower, Building B, 26th Floor, Room B2602 Ratchadapisek Road, Huai Kwang Sub-District, Huai Kwang District, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standard

The Federation of Accounting Professions has issued the revised Thai Financial Reporting Standard for Non-Publicly Accountable Entities, which is effective for fiscal years beginning on or after 1 January 2023. The standard was revised in order to provide a more complete scope and to provide more options on accounting treatments while maintaining simplicity in application.

The management of the Company believes that adoption of the revised standard will not have any significant impact on the Company’s financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowance.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Expense recognition

The Company recognises expenses on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the moving average method.

4.6 Leasehold improvement and equipment and depreciation

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any). Depreciation of leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Leasehold improvement	3 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years
Tool and machinery	2 - 15 years

Depreciation is included in determining income. No depreciation is provided on assets under installation and construction.

An item of leasehold improvement and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising in disposal of an asset is included in income statement when the asset is derecognised.

4.7 Long-term leases

Leases of assets which do not transfer substantially all the risks and rewards of ownership to lessee are classified as operating leases. Operating lease payments are recognised as an expense on the straight-line basis over the lease term.

4.8 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting period. Gains and losses on exchange rate are included in determining income.

4.9 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

4.10 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. Trade and other receivables

	(Unit: Thousand Baht)	
	2023	2022
Trade accounts receivable - net	8,594	1,645
Other receivables - related party	445	436
Trade and other receivables - net	<u>9,039</u>	<u>2,081</u>

7. Inventories

(Unit: Thousand Baht)

	Cost		Provision cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
	Raw materials	43,624	8,352	-	-	43,624
Finished goods	50,322	26,786	(5,516)	(1,825)	44,806	24,961
Goods in transit	9,165	29,108	-	-	9,165	29,108
Total	103,111	64,246	(5,516)	(1,825)	97,595	62,421

During the year 2023, the Company recorded provision cost of inventories by Baht 3.7 million (2022: Baht 1.8 million), to reflect the net realisable value. This was included in cost of sales.

8. Leasehold improvement and equipment

(Unit: Thousand Baht)

	Leasehold improvement	Furniture, fixtures and office equipment	Vehicles	Tool and machinery	Assets under installation and construction	Total
Cost						
1 April 2021	3,216	2,124	8,548	-	17,671	31,559
Additions	-	-	-	-	22,264	22,264
Transfer in (out)	-	341	1,847	35,117	(37,305)	-
31 March 2022	3,216	2,465	10,395	35,117	2,630	53,823
Additions	-	-	-	-	27,028	27,028
Disposals	(3,544)	(32)	-	-	-	(3,576)
Transfer in (out)	5,200	1,552	4,361	12,246	(23,359)	-
31 March 2023	4,872	3,985	14,756	47,363	6,299	77,275
Accumulated depreciation						
1 April 2021	1,476	693	2,124	-	-	4,293
Depreciation for year	1,064	650	1,824	2,452	-	5,990
31 March 2022	2,540	1,343	3,948	2,452	-	10,283
Depreciation for year	863	766	2,423	6,269	-	10,321
Depreciation on disposals	(3,235)	(10)	-	-	-	(3,245)
31 March 2023	168	2,099	6,371	8,721	-	17,359
Net book value						
31 March 2022	676	1,122	6,447	32,665	2,630	43,540
31 March 2021	4,704	1,886	8,385	38,642	6,299	59,916

9. Short-term loans from bank

As at 31 March 2023, the Company has short-term loans from bank of Baht 20 million (2022: Nil), promissory notes payable to a bank, carrying interest at rate of 1.30% to 2.55% per annum.

10. Trade and other payables

	(Unit: Thousand Baht)	
	2023	2022
Trade accounts payable - related party	38,036	33,420
Other payables	59,539	39,840
Total	97,575	73,260

11. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	2023	2022
Balance at beginning of year	2,744	2,114
Increase during the year	1,888	630
Balance at ending of year	4,632	2,744

The provision represents the Company's obligations payable to its employee when they reach a retirement age. It is determined based on the employee's age, length of employment services and salary increase rate, among other things.

The Company records its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

12. Income tax

The Company was not liable to corporate income tax for the year 2023 due to tax loss brought forward.

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 31 March 2023, the Company had capital commitments (net of advances) of Baht 3.7 million, relating to acquisitions of tools and equipment (2022: Baht 3.8 million).

13.2 Operating lease and service commitments

The Company has entered into operating lease agreements in respect of the leases of office building space and factory space, and other service agreements. The terms of the agreements are generally between 1 and 4 years. The lease and related service agreements are cancellable with prior notification.

Future minimum payments required under the above agreements were as follows.

(Unit: Thousand Baht)

31 March

	2023	2022
Payable:		
In up to 1 year	6,997	4,602
In over 1 and up to 4 years	7,276	1,870

14. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 5 May 2023.