

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Amara Raja Circular Solutions Private Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Amara Raja Circular Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period June 2, 2022 (date of incorporation) to March 31, 2023, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the period June 2, 2022 to March 31, 2023.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the financial statements and our auditor's report thereon. The Board Report is expected to be made available to us after the date this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



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- When we read the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statement that give a true and fair view and 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our 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 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 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 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 financial 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 the management.

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- 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.
- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) Reporting on the adequacy of Internal Financial Controls with reference to financial statements of the Company and the operating effectiveness of such controls, under Section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017

2017



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- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, Section 197 of the Act related to the managerial remuneration is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP  
*Chartered Accountants*  
(F.R.N: 117366W/W-100018)



*R. Prasanna  
Venkatesh*

R. Prasanna Venkatesh  
Partner

Membership No. 214045

UDIN: 23214045BGWJZD9512

Place: Hyderabad  
Date: May 22, 2023



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details of capital work-in-progress and relevant details of right-of-use assets. The Company does not hold any property, plant and equipment and intangible assets.
- (b) As the Company does not hold any property, plant and equipment as at the Balance Sheet date, there was no physical verification of property, plant and equipment. The items of capital work-in-progress and right-of-use assets were physically verified during the year by the Management.
- (c) The Company does not hold any immovable property of land and building. In respect of leasehold land, where the Company is a lessee, the lease agreements are duly executed in favour of the Company.
- (d) The Company does not have any property, plant and equipment and intangible assets as at the balance sheet date. Hence, reporting under clause (i)(d) of the Order is not applicable.
- (ii) (a) The Company does not have any inventory and, hence, reporting under clause (ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, at any point of time of the period June 2, 2022 to March 31, 2023, the Company has not been sanctioned any working capital facility from banks or financial institutions and, hence, reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the period, and, hence, reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and, hence, reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) In respect of statutory dues:
  - (a) Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the period.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a year of more than six months from the date they became payable.

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- (b) There are no statutory dues referred to in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.
- (viii) As the Company was incorporated in the current period, there were no income-tax assessments under the Income-tax Act, 1961 (43 of 1961) relating to the previous years and hence reporting under clause (viii) of the Order is not applicable.
- (ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence, reporting under clause (ix) (a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.
- (c) The Company has not taken any term loan during the period and since the Company was incorporated during the year, there were unutilised term loans at the beginning of the period. Hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) The Company did not raise any funds on a short-term basis during the period and, hence, reporting under clause (ix) (d) of the Order is not applicable.
- (e) The Company did not have any subsidiary or associate or joint venture during the period and, hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans during the period and, hence, reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the period, and, hence, reporting under clause (x)(a) of the Order is not applicable.
- (b) During the period, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and, hence, reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the period.
- (b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the period.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the period.
- (xii) The Company is not a Nidhi Company and, hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards. The Company is a private company and, hence, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.
- (xiv) In our opinion, the Company is not required to have an internal audit system under Section 138 of the Companies Act, 2013 and, hence, reporting requirements under clauses (xiv) (a) and (b) are not applicable.



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- (xv) In our opinion during the period, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with its directors and, hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (d) The Group does not have any Core Investment Company as part of the group and, accordingly, reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses amounting to ₹ 9.86 million in the financial period covered by our audit. Since the Company was incorporated during the current period, the reporting on cash losses for previous period is not applicable.
- (xviii) There has been no resignation of the statutory auditors of the Company during the period.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company was incorporated during the period and, hence, provisions of Section 135 of the Act are not applicable to the Company during the period. Accordingly, reporting under clause (xx) of the Order is not applicable.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
F.R.N : 117366W/W-100018



R. Prasanna Venkatesh

R. Prasanna Venkatesh  
Partner

Membership No. 214045  
UDIN: 23214045BGWJZD9512

Place: Hyderabad  
Date: May 22, 2023



**Amara Raja Circular Solutions Private Limited**

CIN: U37100AP2022PTC121875

Balance Sheet as at March 31, 2023

All amounts are in ₹ millions, except share data and where otherwise stated

	Note	As at March 31, 2023 (Refer Note 25)
<b>A. ASSETS</b>		
<b>Non-current assets</b>		
(a) Right-of-use asset	3.1	400.89
(b) Capital work-in-progress	3.2	141.91
(c) Financial assets		
(i) Other financial assets	5	9.96
(d) Deferred tax assets (net)	4	4.30
(e) Other non-current assets	6	166.91
<b>Total non - current assets</b>		<b>723.97</b>
<b>Current assets</b>		
(a) Financial assets		
(i) Investments	7	510.42
(ii) Cash and cash equivalents	8	25.97
(b) Other current assets	6	1.66
<b>Total current assets</b>		<b>538.05</b>
<b>Total assets</b>		<b>1,262.02</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	9	1,000.00
(b) Other equity	10	(7.85)
<b>Total equity</b>		<b>992.15</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Other non-current liabilities	12	194.68
<b>Total Non - current liabilities</b>		<b>194.68</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Trade payables	14	
- Total outstanding dues of micro enterprises and small enterprises		-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		0.92
(ii) Other financial liabilities	11	69.31
(b) Current tax liabilities (net)	13	1.59
(c) Other current liabilities	12	3.37
<b>Total current liabilities</b>		<b>75.19</b>
<b>Total equity and liabilities</b>		<b>1,262.02</b>
<b>Corporate information</b>	1	
<b>Significant accounting policies</b>	2	

See accompanying notes to the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(F.R.N.: 117366W/W-100018)

R. Prasanna Venkatesh  
Partner  
M.No. 214045



Place: Hyderabad  
Date: May 22, 2023

For and on behalf of the Board of Directors

Harshavardhana Gourineni  
Director  
DIN: 07311410

Delli Babu Y  
Chief Financial Officer

Place: Hyderabad  
Date: May 22, 2023

Vikramadithya Gourineni  
Director  
DIN: 03167659

Vikas Sabharwal  
Company Secretary



**Amara Raja Circular Solutions Private Limited**

CIN: U37100AP2022PTC121875

**Statement of profit and loss for the period from June 2, 2022 to March 31, 2023**

All amounts are in ₹ millions, except share data and where otherwise stated

	Note	For the period from June 2, 2022 to March 31, 2023 (Refer Note 25)
<b>Income</b>		
I Revenue from operations		-
II Other income	15	11.12
<b>III Total Income (I+II)</b>		<b>11.12</b>
<b>IV Expenses</b>		
Amortisation expense	16	-
Other expenses	17	21.61
<b>Total Expenses</b>		<b>21.61</b>
<b>V Loss before tax (III - IV)</b>		<b>(10.49)</b>
<b>VI Tax expense</b>	18	
(i) Current tax		1.66
(ii) Deferred tax		(4.30)
<b>Total tax expense</b>		<b>(2.64)</b>
<b>VII Loss for the period (V - VI)</b>		<b>(7.85)</b>
<b>VIII Other Comprehensive Income</b>		-
<b>IX Total comprehensive loss for the period (VII + VIII)</b>		<b>(7.85)</b>
<b>Earnings per share (of ₹ 10/- each):</b>		
Basic and Diluted (₹)	21	(0.15)
Corporate information	1	
Significant accounting policies	2	

See accompanying notes to the financial statements

**In terms of our report attached  
For Deloitte Haskins & Sells LLP**

Chartered Accountants

(F.R.N : 117366W/W-100018)

*R. Prasanna Venkatesh***R. Prasanna Venkatesh**  
Partner  
M.No. 214045Place: Hyderabad  
Date: May 22, 2023**For and on behalf of the Board of Directors***Harshavardhana Gourineni***Harshavardhana Gourineni**  
Director  
DIN: 07311410*Delli Babu Y***Delli Babu Y**  
Chief Financial OfficerPlace: Hyderabad  
Date: May 22, 2023*Vikramadithya Gourineni***Vikramadithya Gourineni**  
Director  
DIN: 03167659*Vikas Sabharwal***Vikas Sabharwal**  
Company Secretary

Amara Raja Circular Solutions Private Limited  
CIN: U37100AP2022PTC121875  
Cash flow statement for the period from June 2, 2022 to March 31, 2023  
All amounts are in ₹ millions, except share data and where otherwise stated

For the period from  
June 2, 2022 to March 31, 2023  
(Refer Note 25)

**A. Cash flows from operating activities**

Loss before tax	(10.49)
Adjustments for:	
Amortisation expense	-
Gain on disposal of mutual funds units	(8.83)
Net gain arising on financial assets mandatorily measured at FVTPL	(2.29)
	(11.12)
Operating loss before working capital changes	(21.61)
Movements in working capital	
Adjustments for (increase)/decrease in operating assets:	
- Other assets	(32.50)
Adjustments for increase/(decrease) in operating liabilities:	
- Trade payables	0.92
Other liabilities	1.37
	(30.21)
Cash used in from operations	(61.82)
Income taxes paid (net)	(0.07)
Net cash used in operating activities [A]	(51.89)

**B. Cash flows from investing activities**

Purchase of property, plant and equipment (including payment towards right-of-use assets)	(422.84)
Purchase of current investments	(792.00)
Proceeds from sale / redemption of current investments	292.70
Net cash used in investing activities [B]	(922.14)

**C. Cash flows from financing activities**

Proceeds from issue of equity shares	1,000.00
Net cash from financing activities [C]	1,000.00
Net increase in cash and cash equivalents (A+B+C)	25.97
Cash and cash equivalents at the beginning of the period (Refer Note 25)	-
Cash and cash equivalents at the end of the period (Refer Note 8)	25.97

**Note:**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS - 7) - Statement of Cash Flows.

See accompanying notes to the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

R. Prasanna Venkatesh  
Partner

M.No. 214045

Place: Hyderabad  
Date: May 22, 2023



For and on behalf of the Board of Directors

Harshavardhana Gourineni  
Director  
DIN: 07311410

Delli Babu Y  
Chief Financial Officer

Place: Hyderabad  
Date: May 22, 2023

Vikramadithya Gourineni  
Director  
DIN: 03167659

Vikas Sabharwal  
Company Secretary



Amara Raja Circular Solutions Private Limited

CIN: U37100AP2022PTC121875

Statement of changes in equity for the period ended March 31, 2023

All amounts are in ₹ millions, except share data and where otherwise stated

A) Equity share capital

As at March 31, 2023

(Refer Note 25)

Balance at the beginning of the period  
Changes in equity share capital during the period  
Balance at the end of the period

1,000.00

1,000.00

B) Other equity

Other equity

Retained earnings

Total

Balance at June 2, 2022 (Refer Note 25)

(7.85)

(7.85)

(7.85)

(7.85)

(7.85)

(7.85)

Balance at March 31, 2023

(7.85)

(7.85)

See accompanying notes to the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP

Chartered Accountants

(F.R.N : 117366W/W-100018)

R. Prasanna Venkatesh  
Partner

R. Prasanna Venkatesh  
Partner  
M.No. 214045



Place: Hyderabad  
Date: May 22, 2023

For and on behalf of the Board of Directors

Harshavardhana Gourineni  
Director  
DIN: 07311410

Delli Babu Y  
Chief Financial Officer

Place: Hyderabad  
Date: May 22, 2023



Vikramadithya Gourineni  
Director  
DIN: 03167659

Vikas Sabharwal  
Company Secretary

## **Amara Raja Circular Solutions Pvt Limited**

### **Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

#### **1. Corporate Information**

Amara Raja Circular Solutions Pvt Limited ("the Company") is incorporated on June 2, 2022 under the Companies Act, 2013 (CIN: U37100AP2022PTC121875). The Company is wholly owned subsidiary of Amara Raja Batteries limited, which is one of the largest manufacturers of lead-acid storage batteries for industrial and automotive applications in India.

The Company is in the process of setting up a green field recycling plant for processing of lead battery scrap / Lead concentrate to produce secondary Lead metal, which is further transformed into Pure Lead, Specific Lead Alloy, Lead Oxides (Lead sub-oxide, Red Lead, and Litharge) and Lead products like Lead sheets, Lead powder, Lead shot etc.

#### **2. Significant Accounting Policies**

##### **A. Statement of compliance**

These financial statements are the separate financial statements of the Company (also called financial statements) prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

##### **B. Basis of preparation and presentation**

These financial statements have been prepared on historical cost convention and on an accrual 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 set out below. These financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### **C. Operating Cycle**

All assets have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act and Ind AS 1 – Presentation of Financial Statements, based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

##### **D. Use of estimates and judgements**

The preparation of the financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimates that have been made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.





## **Amara Raja Circular Solutions Pvt Limited**

### **Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

#### **i) Fair value measurement of financial instruments**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

#### **ii) Income Taxes**

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

#### **iii) Other estimates**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets and liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period.

### **E. Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant.

Government grants related to revenue are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognised as deferred revenue in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

### **F. Financial instruments, Financial assets, Financial liabilities**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and 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 measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial asset or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on the trade date i.e. the date when the Company commits to purchase or sell the asset.

The classification of financial instruments depends on the objective of the Company's business model for which it is held and on the substance of the contractual terms / arrangements. Management determines the classification of its financial instruments at initial recognition.



## Amara Raja Circular Solutions Pvt Limited

### Notes to the financial statements

All amounts are in ₹ millions, except share data and where otherwise stated

#### (i) Financial assets

**Recognition:** Financial assets include Investments, Trade receivables, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held within a business model solely for collection of cash flows arising from payments of principal and/ or interest as per contractual terms. Such assets are subsequently measured at amortised cost using the effective interest method, less any impairment loss.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election on an instrument by instrument basis at initial recognition may be made to present subsequent changes in fair value through other comprehensive income. This election is not permitted if the equity instrument is held for trading.

**Impairment:** The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

**Reclassification:** When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

**De-recognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;



## Amara Raja Circular Solutions Pvt Limited

### Notes to the financial statements

All amounts are in ₹ millions, except share data and where otherwise stated

- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously recognized in other comprehensive income and accumulated in the "equity instruments through other comprehensive income" will not be reclassified to profit or loss on disposal of the investments.

#### (ii) Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost using the effective interest method.

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 through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry. The difference between the carrying amount of the financial liabilities de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

#### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### G. Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether, (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.



## **Amara Raja Circular Solutions Pvt Limited**

### **Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## **H. Income Taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **Current Tax**

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities based on the 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 under the Income-tax Act, 1961. The tax rates and tax laws used to compute the current tax amount are those that are enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 such deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the corresponding current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.





## Amara Raja Circular Solutions Pvt Limited

### Notes to the financial statements

All amounts are in ₹ millions, except share data and where otherwise stated

#### I. Provisions, contingent liabilities and contingent assets

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 such obligation and a reliable estimate can be made of the amount of such 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 (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be recovered and the amount of the receivable can be measured reliably.

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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

#### J. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

#### K. Cash and cash equivalents

Cash and cash equivalents for purposes of cash flow statement include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

#### L. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1-Presentation of Financial Statements** - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendments is insignificant in the financial statements.

**Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors** - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on financial statements.

**Ind AS 12- Income Taxes** - This amendment has narrowed the scope of the initial recognition exemptions so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on financial statements.





**Amara Raja Circular Solutions Private Limited**

**Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

As at March 31, 2023  
(Refer Note 25)

**Note 3.1 : Right-of-use assets**

Right-of-use asset	400.89
	<u>400.89</u>

**Leasehold land**

**A) Gross block**

Balance as on June 2, 2022 (Refer Note 25)	-
Additions	403.52
Disposals	-
<b>Balance as on March 31, 2023</b>	<u><b>403.52</b></u>

**B) Accumulated amortisation**

Balance as on June 2, 2022 (Refer Note 25)	-
Amortisation expense	2.63
Eliminated on disposal	-
<b>Balance as on March 31, 2023</b>	<u><b>2.63</b></u>

**C) Carrying amount**

<b>Balance as on March 31, 2023</b>	<u><b>400.89</b></u>
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**Note 3.2 : Capital work-in-progress**

Capital work-in-progress	141.91
	<u>141.91</u>

**Note: Capital work-in-progress ageing schedule**

Particulars	Amount in capital work-in-progress for a period of				As at March 31, 2023 (Refer Note 25)
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in Progress	141.91	-	-	-	141.91
	<u>141.91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141.91</u>

**Note 4 : Deferred tax assets (net)**

The following is the analysis of deferred tax assets/(liabilities) presented in the Balance Sheet :

(a) Deferred tax assets	4.88
(b) Deferred tax liabilities	(0.58)
	<u>4.30</u>

**Deferred tax (liabilities) / assets in relation to :**

	Opening balance	Recognised in profit and loss	Closing balance
Pre-incorporation expense	-	4.88	4.88
Financial assets measured at FVTPL	-	(0.58)	(0.58)
	<u>-</u>	<u>4.30</u>	<u>4.30</u>



**Amara Raja Circular Solutions Private Limited**

**Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**As at March 31, 2023**  
**(Refer Note 25)**

**Note 5: Other financial assets**

**Non-current**

Security deposits

9.96

**Total**

**9.96**

**Note 6: Other assets**

**Non-current**

(a) Capital advances

12.90

(b) Capital advances to related parties

133.13

(c) Prepaid expenses

1.15

(d) Balances with government authorities

16.77

(e) Other deposits (Electricity deposits, for other utilities, etc.)

2.96

**Total**

**166.91**

**Current**

(a) Prepaid expenses

1.66

**Total**

**1.66**

**Note 7: Investments**

**Investments mandatorily measured at fair value through profit or loss (FVTPL)**

**Quoted investments in mutual funds**

UTI - Liquid Cash Plan - Direct Growth Plan

8.48

2,299.35 units of ₹ 3,689.41

UTI - Ultra Short Term Fund - Direct Growth Plan

501.94

1,30,434.56 units of ₹ 3,848.19

**Total quoted investments measured at FVTPL**

**510.42**

**Total Current investments**

**510.42**

Aggregate book value of quoted investments - at cost

508.13

Aggregate market value of quoted investments

510.42

**Note 8: Cash and cash equivalents**

Balances with banks

- in current accounts

25.97

**Cash and cash equivalents as per the cash flow statement**

**25.97**



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**Note 9: Equity share capital**

As at March 31, 2023 (Refer Note 25)	
Number of shares	Amount
(a) <b>Authorised</b>	
Equity shares of ₹ 10/- each	25,00,00,000 2,500.00
(b) <b>Issued</b>	
Equity shares of ₹ 10/- each	10,00,00,000 1,000.00
(c) <b>Subscribed and fully paid-up</b>	
Equity shares of ₹ 10/- each	10,00,00,000 1,000.00
	10,00,00,000 1,000.00

**Notes:****(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:****Equity shares**

Balance at June 2, 2022 (Refer Note 25)

Changes during the period

Balance at March 31, 2023

Number of shares	Share capital (Amount)
-	-
10,00,00,000	1,000.00
10,00,00,000	1,000.00

**(ii) Rights, preferences and restrictions attached to the equity shares:**

The Company has only one class of shares referred to as equity shares having a face value of ₹ 10 each. Each holder of equity share is eligible for one vote per share held. In the event of liquidation, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

**(iii) Details of equity shares held by each shareholder holding more than 5% of the equity shares:**As at March 31, 2023  
(Refer Note 25)

Number of shares	%
Amara Raja Batteries Limited*	10,00,00,000 100.00

**(iv) Details of equity shares held by promoters at the end of the year**As at March 31, 2023  
(Refer Note 25)

Promoter Name	Number of shares	%
Amara Raja Batteries Limited*	10,00,00,000	100.00

\* includes shares held by nominee shareholder



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

As at March 31, 2023  
(Refer Note 25)

**Note 10: Other equity****(a) Retained earnings**

(7.85)

Retained earnings represents the cumulative undistributed profits of the Company and can be utilised in accordance with the provisions of the Companies Act, 2013.

**Total**

(7.85)

**Note 11: Other financial liabilities****Current**

Payables on purchase of property, plant and equipment

69.31

**Total**

69.31

**Note 12: Other liabilities****Non-current**

(a) Revenue received in advance

(i) Deferred revenue arising from government grant [Refer Note below]

194.68

**Total**

194.68

**Current**

(a) Revenue received in advance

(i) Deferred revenue arising from government grant [Refer Note below]

2.00

(b) Statutory remittances (TDS)

1.37

**Total**

3.37

**Note:**

The deferred revenue of ₹ 196.68 million has arisen as a result of incentive/subsidy received on the land taken on lease from the Government of Tamil Nadu. The deferred revenue will be recognised in the Statement of Profit and Loss in the proportion of amortisation of the right-of-use asset recognised in respect of such leasehold land.

**Note 13: Current tax liabilities**

Income tax payable (net)

1.59

**Total**

1.59



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

As at March 31, 2023  
(Refer Note 25)**Note 14: Trade payables**

(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	0.92
	<u>0.92</u>

**Trade Payables ageing schedule**

	<u>Outstanding for following periods from due date of payment</u>					As at March 31, 2023
	Not due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Other than MSME	0.92	-	-	-	-	0.92
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Other than MSME	-	-	-	-	-	-
	<u>0.92</u>	-	-	-	-	<u>0.92</u>

**Note:****Disclosures required under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006**

Based on the information available with the Company, there are no dues / interest outstanding to micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act (MSMED) Act, 2006, as at March 31, 2023.





**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

For the period from  
June 2, 2022 to March 31, 2023  
(Refer Note 25)

**Note 15: Other income****Other gains and losses**

(i) Gain on disposal of mutual fund units	8.83
(ii) Net gain arising on financial assets mandatorily measured at FVTPL [Refer Note below]	2.29

<b>Total</b>	<b>11.12</b>
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**Note:**

The amount represents the increase in fair value on non-derivative current investments which are mandatorily measured at fair value through profit and loss (Refer Note 7).

**Note 16: Amortisation expense**

Amortisation of right-of-use assets [Refer Note 3.1]	2.63
Less: Amortisation capitalised to capital work-in-progress	(2.63)
<b>Total</b>	<b>-</b>

**Note 17: Other expenses**

Pre-incorporation expenses (including MOA filing fees and related stamp duty)	19.38
Rates and taxes	1.38
Travelling and conveyance	0.08
Legal and professional	0.01
Payment to auditors [Refer Note below]	0.76
<b>Total</b>	<b>21.61</b>

**Note:**

Payment to auditors comprise statutory audit fees (net of GST)

(a) To statutory auditors	
- Statutory audit fee	0.75
- Reimbursement of expenses	0.01
	<b>0.76</b>



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

For the period from  
June 2, 2022 to March 31, 2023  
(Refer Note 25)

**Note 18: Income tax****(a) Income tax recognised in the statement of profit and loss****Current tax**

In respect of the current period

**Total**

1.66

**1.66****Deferred tax**

In respect of the current period

**Total**

(4.30)

**(4.30)****Total income tax expense / (credit) recognised****(2.64)****(b) The income tax expense for the year can be reconciled to the accounting profit as follows:****Loss before tax**

(10.49)

Tax using the Company's domestic tax rate @ 25.168%

(2.64)

Tax effects of amounts which are not deductible in determining taxable profit

4.30

Effect of concession (pre-incorporation expenses, others)

(4.30)

**Income tax credit recognised in the statement of profit and loss****(2.64)**

**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**Note 19: Contingent liabilities and commitments****As at March 31, 2023****(Refer Note 25)****(i) Contingent Liabilities (to the extent not provided for) :**

Claims against the Company not acknowledged as debts

**(ii) Commitments:**

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances).

1,776.28

(b) The Company has committed a capital investment of ₹ 5,059.27 million for setting up a manufacturing plant in the state of Tamil Nadu pursuant to an agreement entered with State Industries Promotion Corporation of Tamil Nadu Ltd ("SIPCOT") over a period of four years which includes amount disclosed under Right-of-use asset, Capital work-in-progress and Capital commitments

**Note 20: Related party transactions****(a) Details of related parties****i) Holding Company**

Amara Raja Batteries Limited

**ii) Key Management Personnel (KMP)**

Harshavardhana Gourineni

Director (w.e.f June 02, 2022)

Vikramadithya Gourineni

Director (w.e.f June 02, 2022)

Murali Mohan Reddy Penna

Director (w.e.f June 02, 2022)

**iii) Entities in which KMP / Relatives of KMP exercise significant influence**

RNGalla Family Private Limited

Mangal Industries Limited

Amara Raja Power Systems Limited

Amara Raja Infra Private Limited

Amara Raja Electronics Limited

Amara Media and Entertainment Private Limited

G2 Healthcare Private Limited

Nine Nines Lifestyle Private Limited

Rajanna Foundation

Amara Raja Blaze Technologies Private Limited

HG Global Private Limited

HG Chemicle Private Limited



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**Note 20: Related party transactions (Contd.)****(b) Transactions with the above related parties during the year were:**

Particulars	For the period from June 2, 2022 to March 31, 2023 (Refer Note 25)
<b>Purchase of Fixed Assets</b>	
Amara Raja Batteries Limited	76.90
Amara Raja Infra Private Limited	46.75
<b>Expenses reimbursed to</b>	
Amara Raja Batteries Limited	29.40
<b>Issue of Share capital</b>	
Amara Raja Batteries Limited*	1,000.00

\* includes 1 share held by the nominee shareholder

**(c) Balances receivable from / payable to related parties are as follows:**

Particulars	As at March 31, 2023 (Refer Note 25)
<b>Advances</b>	
Amara Raja Infra Private Limited	133.13
<b>Trade payables</b>	
Amara Raja Batteries Limited	0.08
<b>Payables on purchase of fixed assets</b>	
Amara Raja Batteries Limited	30.05
Amara Raja Infra Private Limited	38.19
<b>Capital commitments</b>	
Amara Raja Batteries Limited	971.14
Amara Raja Infra Private Limited	708.06

**Notes:**

(i) The above information has been determined based on the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

(ii) Amara Raja Batteries Limited, the Holding Company incurs certain common costs on behalf of the Company. The Holding Company has confirmed that as at March 31, 2023, there are no amounts relating to such common costs which are payable to them.

**Note 21: Earnings per share (EPS)**

Particulars	For the period from June 2, 2022 to March 31, 2023 (Refer Note 25)
Profit for the period (in ₹ million) [A]	(7.85)
Weighted average number of equity shares outstanding during the period (No's) [B]	5,24,75,248
<b>Earnings per share (Face Value of ₹ 10 per share)</b>	
- Basic and diluted (in ₹) [A/B]	(0.15)



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**Note 22: Financial instruments and related disclosures****A. Categories of Financial Instruments**

Particulars	Carrying value	Fair value
	As at March 31, 2023 (Refer Note 25)	As at March 31, 2023 (Refer Note 25)
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
(i) Cash and cash equivalents	25.97	25.97
(ii) Others financial asset	9.96	9.96
<b>Measured at FVTPL</b>		
Mandatorily measured:		
Current investment- Mutual funds	510.42	510.42
<b>Total</b>	<b>546.35</b>	<b>546.35</b>
<b>Financial Liabilities</b>		
<b>Measured at amortised cost</b>		
(i) Trade payables	0.92	0.92
(ii) Other financial liabilities	69.31	69.31
<b>Total</b>	<b>70.23</b>	<b>70.23</b>

**B. Financial risk management objectives**

The Company's principal financial liabilities comprise trade and other payables, The main purpose of these financial liabilities is to finance the Company's operations/projects. The Company's principal financial assets include cash and cash equivalents and investments on mutual funds that derive directly from its issue of shares and its operations.

The Company's risk management activities are subject to the management, direction and control under the framework of Risk Management Policy as approved by the Board of Directors of the Company. The Management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Since the Company has not yet commenced its operations, the Company is not exposed to any significant risk.

**C. Capital Management**

The capital management of the Company is determined and managed by the holding Company as part of the operations of the Company. The Company's capital comprises its share capital and accumulated profits.

The Company is not subject to externally imposed capital requirements.





**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**Note 22: Financial Instruments and related disclosures (Contd.)****D. Market Risk**

As the Company is debt-free, the exposure to interest rate risk from the perspective of financial liabilities is negligible. Further, treasury activities, focused on managing current investments are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation. The Company invests in Mutual Fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the Mutual Fund schemes in which the Company has invested, such price risk is not significant.

**E. Foreign currency risk**

- (i) There are no outstanding forward exchange or other derivative contracts as at the year end.
- (ii) There are no unhedged foreign currency exposure as at March 31, 2023.

**F. Fair value measurement****Fair value hierarchy**

The fair value of financial instruments as referred to in Note 22.A above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The following levels have been used for classification:

- Level 1: Quoted prices (unadjusted) for identical instruments in active market.
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs
- Level 3: Inputs which are not based on observable market data.

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis :

Particulars	Fair value hierarchy (Level)	As at March 31, 2023 (Refer Note 25)
<b>Financial assets</b>		
<b>a) Measured at amortised cost</b>		
Other financial assets (non-current)	3	9.96
<b>Sub-total</b>		<b>9.96</b>
<b>b) Measured at fair value through profit or loss</b>		
Investment in Mutual Funds	1	510.42
<b>Sub-total</b>		<b>510.42</b>
<b>Total</b>		<b>520.38</b>



**Amara Raja Circular Solutions Private Limited****Notes to the financial statements**

All amounts are in ₹ millions, except share data and where otherwise stated

**Note 23: Revenue expenditure capitalized to capital work-in-progress**

Particulars	As at March 31, 2023 (Refer Note 25)
(a) Power and Fuel	0.24
(b) Amortization expense	2.63
(c) Others	5.64
<b>Total</b>	<b>8.51</b>

**Note 24: Key Financial Ratios**

Sr. No.	Ratio	Numerator	Denominator	For the period from June 2, 2022 to March 31, 2023 (Refer Note below and Note 25)
1	Current ratio	Current assets	Current liabilities	7.16
2	Return on equity (%)	Profit after tax	Average Total Equity	-0.79%
3	Return on investment (%)	Income during the year	Time weighted average of investments	
	- Return on mutual funds			6.47%

**Note:**


This being the first year of incorporation of the Company and since the operations of the Company are yet to commence, the financial ratios given above are to the extent applicable to the Company.


**Note 25:** The Company was incorporated on June 2, 2022 and this being the first year of operations of the Company, previous year's figures and comparative information is not applicable.


**Note 26:** The Company is engaged in the business of recycling of scrap batteries and plastic components which is considered as single business segment. The Company has not commenced operations during the period. The non current assets of the Company are situated in India.

**Note 27:** The financial statements are approved for issue by the Board of Directors at their meetings held on May 22, 2023.

**For and on behalf of the Board of Directors**

  
**Harshavardhana Gourineni**  
Director  
DIN: 07311410

  
**Delli Babu Y**  
Chief Financial Officer

  
**Vikramadithya Gourineni**  
Director  
DIN: 03167659

  
**Vikas Sabharwal**  
Company Secretary



Place: Hyderabad  
Date: May 22, 2023

