VLCC International (L.L.C.)

Financial Statements
For the year ended March 31, 2019

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Financial Statements

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VLCC INTERNATIONAL LLC

Office No. : 3101, Al Saqer Business Tower, Shaikh Zayed Road, Dubai (UAE)

Manager's report

Dear Shareholders,

The Manager of your company is pleased to present the report and the audited financial statements of the Company for the year ended 31 March 2019.

Business Overview

During financial year ending March 2019, our business achieved the revenue of AED 63.64 million (Previous Year AED 57.39 million), a growth of 11%. In addition the Company has optimized its expenses and this resulted in significant increase in EBITDA from AED 12.92 million to AED 18.57 million, a growth of 44%. The EBITDA margin also improved to 29%. The Profit for the year increased from AED 1.04 million to AED 6.38 million, a growth of 513%.

The financial results for the year are:

(Amt in AED Million)

Financial Year (March ending)	**18-19**	**17-18**
Revenue	63.64	57.39
Less: Operating Expenses	29.16	28.45
Operating Profit	**34.48**	**28.94**
	54%	50%
Marketing, Advt. & Launch Expenses	3.60	3.38
Administrative Expenses	12.31	12.64
EBITDA	**18.57**	**12.92**
	29%	23%
Depreciation	9.18	8.93
Finance costs	3.01	2.95
Profit for the year	**6.38**	**1.04**

During the year, the Company made investment on dermat and laser business and it gave desired results. The Company is continued to purchase new technology machine for its slimming and beauty business. The Company has invested on digital marketing and on remarketing which helped in improving conversion rates.

Auditors

A resolution to reappoint Grant Thornton, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

Acknowledgement

Your Manager takes this opportunity to thank all vendors, customers, banks, regulatory and government authorities for their continued support. Your Manager places on record his appreciation for the significant contribution by the employees in the initiatives of the Company.

For and on behalf of
VLCC International LLC

Sanjeev Setia
Manager
August 22, 2019, Dubai, United Arab Emirate

Grant Thornton

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Independent Auditor's Report
To the Shareholders of VLCC International L.L.C.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of VLCC International L.L.C. ("the Company"), which comprise the statement of financial position as at March 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics as issued by International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Independent Auditor's Report
To the Shareholders of VLCC International L.L.C.

Report on the Audit of Financial Statements (continued)

Auditor's Responsibilities 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

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.

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Independent Auditor's Report
To the Shareholders of VLCC International L.L.C.

Report on the Audit of Financial Statements (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) the Company has not purchased or invested in any shares during the financial year ended March 31, 2019;

vi) the stocktaking was conducted in accordance with established accounting principles;

vii) note 14 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted; and

viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015, or of its Memorandum of Association which would materially affect its activities or its financial position as at March 31, 2019.

Grant Thornton
Grant Thornton
Farouk Mohamed
Registration No. 86

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

Dubai, August 22, 2019

Statement of financial position
As at March 31, 2019

	Notes	2019 AED	2018 AED
ASSETS			
Non-current			
Property and equipment	5	**48,960,501**	49,079,614
Current			
Inventories	6	**2,496,202**	1,931,195
Amount due from related parties	14.2	**7,475,174**	9,493,250
Trade and other receivables	7	**5,746,991**	5,804,290
Cash and bank balances	8	**388,478**	369,096
		16,106,845	17,597,831
TOTAL ASSETS		**65,067,346**	66,677,445
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	**300,000**	300,000
Legal reserve	10	**150,000**	150,000
Actuarial loss		**(678,621)**	(333,615)
Retained earnings		**27,845,719**	21,470,385
Total equity		**27,617,098**	21,586,770
LIABILITIES			
Non-current			
Employees' end of service benefits	11.1	**1,060,984**	1,337,628
Accumulated compensated absences	11.2	**785,409**	584,263
Borrowings	12	**9,794,236**	17,353,550
		11,640,629	19,275,441
Current			
Trade and other payables	13	**12,508,044**	9,880,416
Amount due to a related party	14.3	**151,200**	-
Borrowings	12	**9,753,490**	10,614,436
Contract liability		**3,396,885**	5,320,382
		25,809,619	25,815,234
Total liabilities		**37,450,248**	45,090,675
TOTAL EQUITY AND LIABILITIES		**65,067,346**	66,677,445

The financial statements for the year ended March 31, 2019 (including comparatives) were approved on August 22, 2019.

Mr. Sanjeev Setia
Manager
Dubai, United Arab Emirates

The notes from **1** to **21** form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2019

	Notes	2019 AED	2018 AED
Revenue	15	**63,649,582**	57,386,264
Consumables		**(4,700,055)**	(4,821,330)
Staff salaries and benefits		**(24,465,758)**	(23,627,515)
Advertisement and business promotion		**(3,603,602)**	(3,377,559)
Administrative and general expenses	16	**(12,325,569)**	(12,638,218)
Depreciation	5	**(9,178,249)**	(8,931,969)
Finance cost		**(3,001,015)**	(2,946,658)
Net profit for the year		**6,375,334**	1,043,015
Other comprehensive (loss)/income that will not be re-classified subsequently to income statement			
Actuarial losses on defined benefit obligation	11.1	**(345,006)**	(333,615)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,030,328**	709,400

The notes from 1 to 21 form an integral part of these financial statements.

Statement of changes in equity
For the year ended March 31, 2019

	Share capital AED	Legal reserve AED	Actuarial loss AED	Retained earnings AED	Total equity AED
Balance at March 31, 2017	300,000	150,000	-	20,427,370	20,877,370
Net profit for the year	-	-	-	1,043,015	1,043,015
Other comprehensive loss	-	-	(333,615)	-	(333,615)
Balance at March 31, 2018	300,000	150,000	(333,615)	21,470,385	21,586,770
Net profit for the year	-	-	-	6,375,334	6,375,334
Other comprehensive loss	-	-	(345,006)	-	(345,006)
Balance as at March 31, 2019	**300,000**	**150,000**	**(678,621)**	**27,845,719**	**27,617,098**

The notes from 1 to 21 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2019

	Notes	2019 AED	2018 AED
OPERATING ACTIVITIES			
Net profit for the year		**6,375,334**	1,043,015
Adjustments			
Depreciation	5	**9,178,249**	8,931,969
Provision for employees' end of service benefits	11.1	**433,247**	387,225
Provision for accumulating compensated absences	11.2	**382,910**	9,022
Finance cost		**3,001,015**	2,946,658
Operating cash flows before changes in working capital		**19,370,755**	13,317,889
Net changes in working capital:			
Inventories		**(565,007)**	(376,870)
Amount due from/(to) related parties, net		**2,169,276**	3,610,983
Trade and other receivables		**57,298**	559,956
Deferred revenue		**(1,923,497)**	394,924
Trade and other payables		**2,627,628**	(2,212,368)
Employees' end of service benefits and accumulated compensated absences paid	11.1 & 11.2	**(1,236,661)**	(577,826)
Net cash from operating activities		**20,499,792**	14,716,688
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(9,059,135)**	(15,570,414)
Net cash used in investing activities		**(9,059,135)**	(15,570,414)
FINANCING ACTIVITIES			
(Repayment of)/proceeds from bank borrowings - net		**(8,878,621)**	5,597,998
Finance cost paid		**(3,001,015)**	(2,946,658)
Net cash (used in)/ from financing activities		**(11,879,636)**	2,651,340
Net change in cash and cash equivalents		**(438,979)**	1,797,614
Cash and cash equivalents, beginning of year		**(1,900,625)**	(3,698,239)
Cash and cash equivalents, end of year	8	**(2,339,604)**	(1,900,625)

The notes from 1 to 21 form an integral part of these financial statements.

Notes to the financial statements
For the year ended March 31, 2019

1 Legal status and operations

VLCC International (L.L.C.) (the "Company") is a limited liability company incorporated as per license no. 575578 issued by the Government of Dubai, United Arab Emirates (UAE), under the U.A.E. Federal Law No. 8 of 1984 (as amended) which was superseded by Federal Law No. (2) of 2015. The registered address of the Company is P.O. Box 122207, Al Saqr Tower, Sheikh Zayed Road, Dubai, UAE.

The Company is a wholly owned subsidiary of VLCC International Inc. (the "Parent Company"), a limited liability company incorporated in the British Virgin Islands. The ultimate parent of the Company is VLCC Health Care Limited (the "Ultimate Parent"), a limited liability company incorporated in India.

The Company is mainly engaged in operating beauty, slimming, fitness and health centres.

2 Statement of compliance with IFRS

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2018

The following significant pronouncements from the IASB have been issued and have been adopted by the Company.

a) The IASB has issued IFRS 9 'Financial Instruments', which supersedes IAS 39 'Financial Instruments: Recognition and Measurement' and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 covers classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting.

   Management has assessed the implementation of this new standard and confirmed that it has no significant impact on the financial statements. There have been no changes to the classification or measurement of financial instruments as a result of its application.

b) The IASB issued IFRS 15 'Revenue from Contracts with Customers', which provides a single model for accounting for revenue arising from contracts with customers and is effective for annual periods beginning on or after 1 January 2018. IFRS 15 will supersede IAS 18 'Revenue'.

   Management has assessed the implementation of this new standard and confirmed that it has no impact on revenues in terms of the amount and timing of revenue recognition.

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

The IASB issued IFRS 16 'Leases' which will supersede IAS 17 'Leases' and related interpretations and applies to annual reporting periods beginning on or after 1 January 2019. IFRS 16 brings most leases on balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Management is in the process of assessing the impact of this standard on the financial statements. Therefore, the impact is not known as at the reporting date.

The significant accounting policies that have been used in the preparation of these financial statements are consistent with those used in prior year and are summarised on the following page.

4 Summary of significant accounting policies

4.1 Overall considerations

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below and are consistent with those used in prior year.

4.2 Foreign currency transactions

These financial statements are presented in UAE Dirhams (AED), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re measurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 Property and equipment

The cost of an item of property and equipment is recognised as an asset when:

a. it is probable that future economic benefits associated with the item will flow to the Company ; and
b. the cost of the item can be measured reliably.

Property and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement, property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Property and equipment are depreciated using straight line basis over their expected useful lives to their estimated residual value. The average estimated useful lives of property and equipment have been assessed as follows:

• Leasehold improvements	9 years
• Equipment	10 years
• Computers	4 years
• Furniture and fixtures	7 years
• Motor vehicles	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

4 Summary of significant accounting policies (continued)

4.3 Property and equipment (continued)

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Cost and accumulated depreciation values of fully depreciated items of property and equipment which are still being used in operations are not removed from the accounts until these are retired or disposed of.

Capital work-in-progress is stated at cost, including borrowing costs incurred for financing the asset. All costs related to specific assets incurred during the year are carried under this heading. These are transferred to specific asset classification when they are available for use.

4.4 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired. Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Company's financial assets comprise trade and most other receivables, amounts due from related parties and cash and cash equivalents. These are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

4 Summary of significant accounting policies (continued)

4.6 Financial Instruments (continued)

Classification and subsequent measurement of financial assets (continued)

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

4 Summary of significant accounting policies (continued)

4.6 Financial Instruments (continued)

Classification and subsequent measurement of financial assets (continued)

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and most other payables, amount due to a related party and borrowings. Financial liabilities are measured subsequently at amortised cost using the effective interest method. Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. The cost of inventories comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, including direct costs which are direct expenses incurred on freight, custom, storage and handling charges. The cost of inventories is assigned using the first-in, first-out (FIFO) method and total direct costs incurred on purchases are allocated to inventory as proportion to the cost of sales. Provision is made for slow-moving and obsolete items based on management's judgement.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4 Summary of significant accounting policies (continued)

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with overdraft or other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.8 Equity

Share capital represents the nominal value of shares that have been issued.

Legal reserve is required to be created as per Articles of Association and UAE Federal Law No. (2) of 2015 as described in note 11.

Retained earnings include all current and prior period retained profits and losses.

4.8 Employee benefits

Short-term employee benefits

The costs of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

Compensated absences

The expected cost of accumulating compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

The Company operates an unfunded defined benefit plan for gratuity. The expected costs of these benefits are accrued over the period of employment.

Defined benefit plans

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Company's defined benefit obligation is included in employee benefits expense. Employee contributions, if any, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit obligation is included in finance costs. Gains and losses resulting from re-measurements of the net defined benefit obligation are included in profit or loss.

4 Summary of significant accounting policies (continued)

4.9 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.10 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from contracts with customers

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model, explained below, which will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

4 Summary of significant accounting policies (continued)

4.10 Revenue (continued)

Revenue from contracts with customers (continued)

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

4.11 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

4.13 Leased assets

Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4 Summary of significant accounting policies (continued)

4.14 Significant management judgement in applying accounting policies and estimation uncertainty

The following are significant management judgements and critical estimates in applying the accounting policies of the Company that have the most significant effect on the financial statements.

The initial impact assessment of IFRS 9 and IFRS 15 is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company will adopt these standards.

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount.

To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain assets.

Trade and other receivables

The Company assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

4 Summary of significant accounting policies (continued)

4.14 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to technology changes which may cause selling prices to change rapidly.

Defined benefit obligation

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Capitalisation of salaries

Certain portion of staff and key management personnel salaries is capitalised in capital work in progress who are involved in development and relocation of new centres as mentioned in note 5. This allocation is done based on the best estimate of the time proportion spent for this development/relocation work.

Notes to the financial statements (continued)
For the year ended March 31, 2019

5 Property and equipment

2019	Leasehold improvements AED	Equipment AED	Computers AED	Furniture and fixtures AED	Motor vehicles AED	*Capital work in progress AED	Total AED
Cost							
Balance at April 1, 2018	112,816,582	15,960,449	1,528,787	3,941,917	2,286,215	-	136,533,950
Additions	3,934,791	4,960,007	112,730	51,607	-	-	9,059,135
Balance at March 31, 2019	116,751,373	20,920,456	1,641,517	3,993,524	2,286,215	-	145,593,085
Accumulated depreciation							
Balance as at April 1, 2018	72,624,337	8,690,831	1,267,469	3,257,039	1,614,660	-	87,454,336
Charge for the year	7,189,298	1,337,412	130,991	185,243	335,304	-	9,178,248
Balance at March 31, 2019	79,813,635	10,028,243	1,398,461	3,442,282	1,949,964	-	96,632,584
Carrying amount at March 31, 2019	**36,937,738**	**10,892,213**	**243,057**	**551,242**	**336,251**	**-**	**48,960,501**

Notes to the financial statements (continued)
For the year ended March 31, 2019

5 Property and equipment (continued)

2018	Leasehold improvements AED	Equipment AED	Computers AED	Furniture and fixtures AED	Motor vehicles AED	*Capital work in progress AED	Total AED
Cost							
Balance at April 1, 2017	99,436,504	11,164,417	1,372,365	3,779,759	2,286,215	2,924,276	120,963,536
Additions	10,455,802	4,796,032	156,422	162,158	-	-	15,570,414
Transfer from capital work-in-progress	2,924,276	-	-	-	-	(2,924,276)	-
Balance at March 31, 2018	112,816,582	15,960,449	1,528,787	3,941,917	2,286,215	-	136,533,950
Accumulated depreciation							
Balance as at April 1, 2017	65,463,183	7,580,696	1,150,542	3,048,590	1,279,356	-	78,522,367
Charge for the year	7,161,154	1,110,135	116,927	208,449	335,304	-	8,931,969
Balance at March 31, 2018	72,624,337	8,690,831	1,267,469	3,257,039	1,614,660	-	87,454,336
Carrying amount at March 31, 2018	40,192,245	7,269,618	261,318	684,878	671,555	-	49,079,614

*Capital work in progress represents expenditure incurred in connection with the development of Al Bateen centre in Abu Dhabi, UAE.

Notes to the financial statements (continued)
For the year ended March 31, 2019

6 Inventories

	2019	2018
	AED	AED
Consumables	**2,162,646**	1,701,670
Goods held for sale	**333,556**	229,525
	2,496,202	1,931,195

7 Trade and other receivables

	2019	2018
	AED	AED
Security deposits	**1,880,928**	1,880,928
Cash margin deposits	**833,415**	833,415
Other receivables	**698,798**	610,497
Financial assets	**3,413,141**	3,324,840
Prepayments	**1,892,704**	2,107,008
Advances to staff	**72,783**	137,213
Advance to suppliers	**368,363**	235,229
Non-financial assets	**2,333,850**	2,479,450
	5,746,991	5,804,290

8 Cash and bank balances

Cash and bank balances include the following components:

	2019	2018
	AED	AED
Cash on hand	**123,287**	166,675
Cash at bank	**265,191**	202,421
	388,478	369,096

Cash and cash equivalents for the purpose of statement of cash flows include the following:

	2019	2018
	AED	AED
Cash on hand	**123,287**	166,675
Cash at bank	**265,191**	202,421
Bank overdrafts (note 12)	**(2,728,082)**	(2,269,721)
Cash and cash equivalents	**(2,339,604)**	(1,900,625)

9 Share capital

	2019	2018
	AED	AED
Authorised, issued and paid up capital		
300 shares of AED 1,000 each	**300,000**	300,000

10 Legal reserve

In accordance with the Articles of Association of the Company and Article 103 of the UAE Federal Law No. (2) of 2015, a minimum of 10% of the net profit of the Company is required to be transferred to legal reserve every year. Such transfers are required to be made until the balance on the legal reserve equals one half of the Company's paid-up share capital. No transfers were made during the year (2018: Nil) as the legal reserve already equals one half of the Company's paid-up share capital.

11 Long-term employee benefits payable

11.1 Employees' end of service benefits

Valuations in respect of Employees' end of service benefits has been carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, as at the reporting date.

Changes in present value of obligation

	2019 AED	2018 AED
Balance at April 1,	**1,727,467**	1,584,453
Charge for the year	**778,253**	720,840
Payments during the year	**(813,375)**	(577,826)
Balance at March 31,	**1,692,345**	1,727,467
Less: current portion	**(631,361)**	(389,839)
Non-current portion	**1,060,984**	1,337,628

Expense recognised in the Statement of Comprehensive income

Interest cost*	**124,205**	118,359
Current service cost*	**309,042**	268,866
Actuarial loss*	**-**	-
Actuarial loss through other comprehensive income	**345,006**	333,615
	778,253	720,840

* Included under staff salaries and benefits.

Remeasurements- Actuarial loss

Effect of change in assumptions	**20,379**	451,283
Effect of experience adjustment	**324,627**	(117,668)
	345,006	333,615

Notes to the financial statements (continued)
For the year ended March 31, 2019

11 Long-term employee benefits payable (continued)

11.2 Accumulated compensated absences

	2019 AED	2018 AED
Balance at April 1,	**605,371**	596,349
Charge for the year	**361,802**	9,022
Benefits paid	**-**	-
Balance at March 31,	**967,173**	605,371
Less: current portion	**(181,764)**	(21,108)
Non-current portion	**785,409**	584,263

11.3 Key assumptions used by actuary

	2019	2018
Discount rate	**7.19% p.a.**	7.47% p.a.
Salary growth	**4.00% p.a.**	4.00% p.a.
Retirement age	**60 years**	60 years

11.4 Sensitivity analysis

	Employees' end of service benefits	Accumulated compensated absences
Discount rate + 100 basis points	**(70,837)**	**(50,866)**
Discount rate - 100 basis points	**76,528**	**56,164**
Salary growth + 100 basis points	**78,190**	**53,794**
Salary growth - 100 basis points	**(73,612)**	**(52,827)**

Notes to the financial statements (continued)
For the year ended March 31, 2019

12 Borrowings

	2019 AED	2018 AED
Term loans	**16,370,589**	25,045,337
Motor vehicle loans	**449,055**	652,928
Bank overdrafts (note 8)	**2,728,082**	2,269,721
	19,547,726	27,967,986
Current		
Term loans	**6,798,748**	8,130,313
Motor vehicle loans	**226,660**	214,402
Bank overdrafts	**2,728,082**	2,269,721
	9,753,490	10,614,436
Non-current		
Term loans	**9,571,841**	16,915,024
Motor vehicle loans	**222,395**	438,526
	9,794,236	17,353,550
	19,547,726	27,967,986

Term loan facility for an amount of USD 3,000,000 obtained for the purpose of opening new centres in UAE and redemption of unsecured loans, and is repayable in 46 instalments of USD 50,000 each that matures on August 2021.

The loan bears interest of 6 months LIBOR plus 375 basis points per annum. The loan is secured by following:

a) Pari Passu first charge by way of pledge of all moveable fixed assets of the company. Present and future pari passu charge to be shared with bank limit of 4.5 million.
b) Assignment of cash collections of the Company routed through local bank on pari passu basis.
c) Assignment of insurance policies covering stocks on pari passu basis.
d) Corporate guarantee of VLCC Healthcare Limited.
e) Shortfall undertaking from VLCC Healthcare Limited in meeting interest and repayment obligations of the Company in case of delay beyond 7 days.
f) Post-dated cheques from the borrower equivalent to sanctioned credit facility from a bank other than our bank.

Term loan facility for an amount of USD 5,000,000 obtained for the purpose of opening/renovation of new centres in UAE and creation of DSRA amount. The loan is repayable in 48 instalments and matures in August 2021.

The loan bears interest of 6 months LIBOR plus 350 basis points per annum. The loan is secured by following:

a) First exclusive asset pledge over assets of new outlets financed from the proceeds of the facility.
b) First pari passu charge over moveable fixed assets of the Company.

As at year end, AED 16,370,589 (2018: 25,045,337) is outstanding in respect of term loans.

Notes to the financial statements (continued)
For the year ended March 31, 2019

12 Borrowings (continued)

Bank overdrafts are secured by the assignment of receivables, assignment of insurance policies covering stocks, hypothecation of stocks, corporate guarantee of the Ultimate Parent in India, irrevocable assignment of credit card receivables and subordination of shareholder's loan, if any. The effective interest rate is a competitive market rate and remains fixed.

Motor vehicle loans are secured against the vehicles purchased (note 5). Two motor vehicle loans outstanding at the end of the year were from Emirates NBD amounting to AED 449,055 (2018: AED 652,928) repayable in 60 instalments.

13 Trade and other payables

	2019 AED	2018 AED
Financial liabilities:		
Accrued expenses	**5,852,021**	5,029,022
Trade payables	**3,313,856**	3,832,140
Other payables	**1,620,930**	152,374
VAT payable	**908,112**	455,933
Employees' end of service benefits	**631,361**	389,839
Accumulated compensated absences	**181,764**	21,108
	12,508,044	9,880,416

14 Related parties

The Company in the normal course of business carries on business with other enterprises that fall within the definition of a related party in accordance with IFRS.

An entity is considered to be related to the Company if the entity has the ability, directly or indirectly, to exercise significant influence over the entity in making financial and operating decisions, or vice versa, or where the Company and the entity are subject to common control or significant influence.

The Company's related parties include its related parties and key management as described below. Transactions with related parties are carried out at mutually agreed terms. Details of related party balances and transactions entered into during the year are set out below:

14.1 Transactions with related parties

	2019 AED	2018 AED
Entities under common control		
Purchases	**1,777,000**	2,268,663
Expenses incurred on behalf of related parties	**11,625,000**	8,252,305

Notes to the financial statements (continued)
For the year ended March 31, 2019

14 Related parties (continued)

14.2 Amount due from related parties

	2019	2018
	AED	AED
Parent company		
VLCC International Inc.	6,492,826	7,689,739
Entities under common control		
VLCC Overseas Limited	982,348	1,803,511
	7,475,174	9,493,250

14.3 Amount due to a related party

	2019	2018
	AED	AED
Entities under common control		
VLCC Singapore PTE Ltd	151,200	-
	151,200	-

14.4 Key management personnel compensation

Key management are the executive employees of the Company. Key management personnel remuneration includes the following expenses:

	2019	2018
	AED	AED
Salaries and other benefits	1,605,000	1,826,000

15 Revenue

	2019	2018
	AED	AED
Sale of services	61,531,361	55,017,353
Product sales	2,118,221	2,368,911
	63,649,582	57,386,264

Notes to the financial statements (continued)
For the year ended March 31, 2019

16 Administrative and general expenses

	2019 AED	2018 AED
Rent and license fees	**7,377,242**	7,217,890
Housekeeping and laundry expenses	**2,280,432**	2,350,254
Repairs and maintenance	**607,595**	479,572
Water and electricity	**508,328**	456,622
Communication	**390,678**	391,301
Travelling, conveyance and vehicle maintenance	**209,669**	596,044
Printing and stationery	**117,932**	110,288
Insurance	**87,598**	98,567
Legal and professional fees	**61,665**	148,293
Others	**684,430**	789,387
	12,325,569	12,638,218

17 Operating leases as lessee

The Company's future minimum operating lease payments in respect of buildings are as follows:

	Minimum lease payments due			
	within 1 year AED	1 to 5 years AED	more than 5 years AED	Total AED
March 31, 2019	**5,973,269**	**13,959,883**	**-**	**19,933,152**
March 31, 2018	3,239,844	9,227,230	1,972,478	14,439,553

Lease payments recognised as an expense during the year amount to AED 6,782,170 (2018: AED 6,704,396). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company. The Company's operating lease agreements do not contain any contingent rent clauses.

18 Commitments

Capital purchase commitments as at March 31, 2019 amounted to Nil (2018: Nil).

19 Financial instrument risk management objectives and policies (continued)

19.2 Market risk

Interest rate sensitivity analysis

Sources of the sensitivity analysis	2019	2018
	AED	AED
Term loan (note 12)	16,370,589	25,045,337
Bank overdrafts (note 12)	2,728,082	2,269,721
	19,098,671	27,315,058

The table below illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of ±100 basis points (March 31, 2018: ±100 basis points).

This change is considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year	
	AED	AED
	+100 bps	-100 bps
March 31, 2019	190,987	(190,987)
March 31, 2018	273,151	(273,151)

19.3 Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised on next page:

	2019	2018
	AED	AED
Classes of financial assets - carrying amounts:		
Bank balances (note 3)	265,191	202,421
Amount due from related parties (note 14.2)	7,475,174	9,493,250
Trade and other receivables (note 7)	3,413,141	3,324,840
Total carrying amount	11,153,506	13,020,511

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review of good credit quality.

19 Financial instrument risk management objectives and policies (continued)

19.3 Credit risk analysis (continued)

Trade and other receivables
The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 24 months before March 31, 2019 and April 1, 2018 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 1 year from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Amounts due from related parties
Management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at banks
The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

19.4 Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current	Non-current	
	Within 1 year	1 to 5 years	Later than 5 years
	AED	AED	AED
March 31, 2019			
Trade and other payables	12,659,244	-	-
Borrowings	9,753,490	9,794,236	-
Total	22,412,734	9,794,236	-

Notes to the financial statements (continued)
For the year ended March 31, 2019

19 Financial instrument risk management objectives and policies (continued)

19.4 Liquidity risk analysis

	Current	Non-current	
	Within 1 year	1 to 5 years	Later than 5 years
	AED	AED	AED
March 31, 2018			
Trade and other payables	9,880,416	-	-
Borrowings	10,614,436	17,353,550	-
Total	20,494,852	17,353,550	-

20 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial and non-financial instruments have been measured at fair value. All the financial instruments are carried at amortised cost.

21 Capital management policies and procedures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of debt which includes borrowings, cash and bank balances and equity as disclosed in the statement of financial position. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt. Capital as at the reporting and comparative dates is summarised as follows:

	2019	2018
	AED	AED
Total equity	**27,617,098**	21,586,770
Borrowings (note 12)	**19,547,726**	27,967,986
Cash and bank balances (note 8)	**388,478**	369,096
	47,553,302	49,923,852