

VLCC Health Care Limited

Consolidated IND AS Financial Statements for the year ended

March 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of VLCC Health Care Limited

Report on the Audit of the Consolidated Ind AS Financial Statements**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of VLCC Health Care Limited ("hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss, including other comprehensive loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated loss including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and audit evidence obtained by other auditors in terms of their report referred to in Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Companies Director's Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report



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that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended . The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ▶ 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



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and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated Ind AS 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 Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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 Board of Directors 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.

Other Matter

We did not audit the financial statements and other financial information, in respect of 27 subsidiaries, and 1 Trust, whose Ind AS financial statements include total assets of Rs 24,120 lakhs and total revenues of Rs 29,956 lakhs before intercompany eliminations and net cash outflows of Rs 26 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and Trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Trust, is based solely on the report(s) of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to



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our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We/The other auditors whose report we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;
 - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors ;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, refer to our separate Report in "Annexure 1" to this report;
 - (g) In our opinion, and based on the consideration of the reports of the other statutory auditors of the subsidiaries, managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its subsidiary companies incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:



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- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements - Refer Note 27(i) to the consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2019.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Yogender Seth**
Partner

Membership Number: 94524

UDIN: 19094524AAAABG4976



Place of Signature: Gurugram

Date: September 16, 2019

S.R. BATLIBOI & ASSOCIATES LLP

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ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF VLCC HEALTH CARE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of VLCC Health Care Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of VLCC Health Care Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to the consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their report referred to the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the



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reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financials statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, in so far as it relates to subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Yogender Seth**

Partner

Membership Number: 94524

UDIN: 19094524AAAABG4976



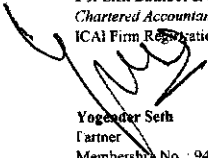
Place of Signature: Gurugram

Date: September 16, 2019

VLCC Health Care Limited
Consolidated Balance Sheet as at March 31, 2019
CIN No.-U74899DL1996PLC082842
(All amounts in INR Lakhs unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018 (Note 2.4)	As at March 31, 2017 (Note 2.4)
ASSETS				
Non-current assets				
Property, plant and equipment	4	28,785	30,489	31,031
Capital work in progress	4	-	154	538
Intangible assets	5	499	634	557
Intangible assets under development	5	5	-	-
Goodwill	6	1,965	1,947	1,821
Financial assets				
- Investments *	7(a)	0	0	0
- Loans	7(b)	894	858	1,224
- Other bank balances	7(e)	99	154	86
- Others	7(f)	1	2	8
Deferred tax assets (net)	15	4,562	4,718	4,498
Other non-current assets	9	397	638	560
Total Non-current assets		37,207	39,594	40,323
Current assets				
Inventories	3	6,602	6,504	6,145
Financial assets				
- Loans	7(b)	1,031	1,335	1,099
- Trade receivables	7(c)	5,074	7,068	6,362
- Cash and cash equivalents	7(d)	4,227	3,681	4,840
- Other bank balances	7(e)	70	39	128
- Others	7(f)	52	48	35
Current tax assets (net)	15	530	629	491
Other current assets	9	2,483	3,546	1,892
Total Current assets		20,069	22,850	20,992
Total Assets		57,276	62,444	61,315
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	3,767	3,767	3,767
Other equity:				
Share premium		6,430	6,430	6,430
- General reserve		327	327	327
- Legal reserve		58	58	76
- Retained earnings		(2,408)	1,822	6,450
- Foreign exchange translation reserve		656	605	548
- Treasury shares		(33)	(33)	(33)
- Reserve on transactions with NCI		(74)	(30)	-
Equity attributable to equity holders of the parent		8,723	12,946	17,565
- Non-controlling interests		(400)	(81)	212
Total Equity		8,323	12,865	17,777
LIABILITIES				
Non-current liabilities				
Financial liabilities:				
- Borrowings	11(a)	6,822	8,751	10,623
- Other financial liabilities	11(c)	197	121	102
Provisions	12	1,089	917	822
Contract liabilities	13	826	444	169
Other non-current liabilities	14	173	172	179
Total non-current liabilities		9,107	10,405	11,895
Current liabilities				
Financial liabilities				
- Borrowings	11(a)	5,582	5,580	3,072
- Trade payables				
- Total outstanding dues of Micro enterprises and Small enterprises	26	195	58	-
- Total outstanding dues of creditors other than Micro enterprises and Small enterprises	11(b)	20,470	19,531	13,799
- Other financial liabilities	11(c)	4,037	5,421	5,731
Provisions	12	757	569	448
Contract liabilities	13	7,311	7,189	7,961
Other Current liabilities	14	1,494	826	632
Total current liabilities		39,846	39,174	31,643
Total Liabilities		48,953	49,579	43,538
Total Equity and Liabilities		57,276	62,444	61,315

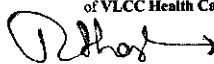
*0 represents amount is below the rounding off norm adopted by the Group.
 Summary of significant accounting policies 2.1
 The accompanying notes are an integral part of these financial statements.
 As per our report of even date

For S.R. Badiboi & Associates LLP
 Chartered Accountants
 ICAI Firm Registration Number: 101049W/E300004

 Yogender Seth
 Partner
 Membership No. : 94524

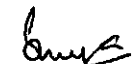
Place: Gurgaon
 Date: 16th September, 2019



For and on behalf of the Board of Directors
 of VLCC Health Care Limited



Jayant Khosla
 Managing Director
 DIN No. 05321843


 Sandeep Anjia
 Director
 DIN No. 00043118


 Nariinder Kumar
 Group Chief Financial Officer and Company Secretary



VLCC Health Care Limited
Consolidated Statement of Profit and Loss for year ended March 31, 2019
CIN No.-U74899DL1996PLC082842
(All amounts in INR Lakhs unless otherwise stated)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018 (Note 2.4)
Income			
Revenue from contracts with customers	16	85,244	83,489
Other income	17	76	64
Total income	(A)	85,320	83,553
Expenses			
Cost of materials consumed	19	12,683	12,268
Purchase of stock-in-trade		1,890	940
(Increase)/ Decrease in inventories of stock-in-trade	20	(140)	132
Employee benefits expense	21	30,751	27,516
Other expenses	24	34,828	38,652
Total expenses before interest, depreciation, amortisation and tax	(B)	80,012	79,508
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(C)=(A-B)	5,308	4,045
Finance income	(D)	172	110
Finance costs	(E)	2,916	2,996
Depreciation and amortization expense	(F)	6,279	6,039
Profit/(Loss) before tax and exceptional items	(G)=(C+D-E-F)	(3,715)	(4,880)
Exceptional items	(H)	381	71
Profit/(Loss) before tax and after exceptional	(I)=(G-H)	(4,096)	(4,951)
Tax expense:			
Current tax		174	69
Adjustment of tax relating to earlier years		(5)	12
Deferred tax charge/(credit)		155	(219)
Total tax expense	(J)	324	(138)
Profit/(Loss) for the year	(K)=(I-J)	(4,420)	(4,813)
Non-controlling interests	(L)	(401)	(404)
Profit/(Loss) for the year attributable to the shareholders of the Company	(M)=(K-L)	(4,019)	(4,409)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
- Re-measurement losses on defined benefit plans		(211)	(220)
- Income tax credit		(0)	1
Items that will be reclassified to profit or loss in subsequent periods:			
- Exchange differences on translation of foreign operations		71	47
Other comprehensive profit/(loss) for the year, net of tax		(140)	(172)
Total comprehensive profit/(loss) of the year, net of tax		(4,159)	(4,581)
Profit/(Loss) for the year		(4,420)	(4,813)
Attributable to :			
Equity holders of parent		(4,019)	(4,409)
Non- controlling interests		(401)	(404)
Total comprehensive profit/(loss) of the year, net of tax		(4,159)	(4,581)
Attributable to :			
Equity holders of parent		(3,758)	(4,177)
Non- controlling interests		(401)	(404)
Earnings/(loss) per share:	25		
Basic and diluted in INR		(11.73)	(12.78)
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

Yogender Seth
Partner
Membership No. : 94524

Place: Gurgaon
Date: 16th September, 2019

For and on behalf of the Board of Directors
of VLCC Health Care Limited

Jayant Khosla
Managing Director
DIN No. 08321843

Sandeep Anuja
Director
DIN No. 00043118

Narinder Kumar
Group Chief Financial Officer and Company Secretary



VLCC Health Care Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2019
CIN No.-U74899DL1996PLC082842
(All amounts in INR Lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (Note 2.4)
Cash flow from operating activities:		
Profit/(Loss) before tax and after exceptional items	(4,096)	(4,951)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	6,279	6,039
Allowance for doubtful trade receivables	(481)	316
Allowance for doubtful advances	14	31
Provision for inventories	12	224
Provision for decommissioning liabilities	7	6
Provision for lease equalisation	-	(17)
Inventory written off/adjustments	327	415
Loss on sale of investment of subsidiary	-	71
Disposal of substantial assets of subsidiary	381	-
Profit on sale of mutual funds/investment	-	(4)
Loss on sale of property, plant and equipment	8	39
Finance costs	2,916	2,996
Finance income	(172)	(174)
Unrealised foreign exchange (gain)/ loss	2	2
	<u>9,293</u>	<u>9,944</u>
Operating profit before working capital changes	5,197	4,993
Movements in working capital:		
(Decrease)/increase in trade payables and other financial liabilities	547	6,059
(Decrease)/increase in other liabilities	1,173	(310)
(Decrease)/increase in provisions	99	254
Decrease/(increase) in trade receivable and other financial assets	2,882	(1,480)
Decrease/(increase) in inventories	(336)	(988)
Decrease/(increase) in other assets	1,173	(1,786)
	<u>5,538</u>	<u>1,749</u>
Cash generated from operations	10,735	6,741
Direct taxes paid (net of refunds)	(71)	(218)
Net cash flow from operating activities (A)	<u>10,664</u>	<u>6,523</u>
Cash flow from investing activities:		
Proceeds from sale of property, plant and equipment	164	168
Purchase of property, plant and equipment	(4,354)	(5,382)
Proceeds from sale of interest in subsidiary	-	248
Sale of mutual funds	-	207
Purchase of mutual funds	-	(203)
Interest received	173	180
Proceeds from maturity of bank deposits with original maturity of more than three month:	62	62
Investment in bank deposits with original maturity of more than three months	(38)	(41)
Net cash used in investing activities (B)	<u>(3,993)</u>	<u>(4,762)</u>



VLCC Health Care Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2019 (Cont'd)
CIN No.-U74899DL1996PLC082842


(All amounts in INR Lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (Note 2.4)
Net cash flow from financing activities:		
Proceeds from borrowings	1,367	2,155
Repayments of borrowings	(4,588)	(4,592)
Increase/(decrease) in cash credits (net)	2	2,508
Interest paid	(2,907)	(2,991)
Net cash generated/(used) from financing activities (C)	(6,125)	(2,920)
Net increase in cash and cash equivalents (A + B +C)	546	(1,159)
Cash and cash equivalents at the beginning of the year	3,681	4,840
Effect of exchange differences on restatement of foreign currency cash and cash equivalent	(0)	(0)
Cash and cash equivalents at the end of the year	4,227	3,681
Summary of significant accounting policies (refer note 2.1)		

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


As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
 ICAI Firm Registration Number: 101049W/E300004



Yogender Seth
 Partner
 Membership No. : 94524

Place: Gurgaon
 Date: 16th September, 2019

For and on behalf of the Board of Directors
 of **VLCC Health Care Limited**


Jayant Khosla
 Managing Director
 DIN No. 08321843


Sandeep Ahuja
 Director
 DIN No. 00043118


Narinder Kumar
 Group Chief Financial Officer and Company Secretary

Place: Gurgaon
 Date: 16th September, 2019



VLCC Health Care Limited
Statement of Changes in equity for the year ended March 31, 2019
CIN No.-U74899DL1996PLC082842

(All amounts in INR Lakhs unless otherwise stated)

a. Equity Share Capital (Refer note 10)	Number of shares (in Lakhs)	Amount
As at April 1, 2017	377	3,767
Add : Issue of equity share capital	-	-
As at March 31, 2018	377	3,767
As at April 1, 2018	377	3,767
Add : Issue of equity share capital	-	-
As at March 31, 2019	377	3,767

b. Other Equity

Particulars	Attributable to the equity holders of the Holding Company							Total	Non Controlling Interests (NCI)*	Total
	Reserves and Surplus				Other Reserve					
	Security premium	General reserve	Legal Reserve	Retained earnings	Foreign Currency translation reserve	Treasury Shares	Reserve on transactions with NCI			
At April 1, 2017 (Reported)	6,430	327	76	7,429	548	(33)	-	14,776	212	14,988
Effect of adoption of IND AS 115 (Refer Note 2.4)	-	-	-	(979)	-	-	-	(979)	-	(979)
At April 1, 2017 (Restated)	6,430	327	76	6,450	548	(33)	-	13,798	212	14,010
Profit/(Loss) for the year	-	-	-	(4,409)	-	-	-	(4,409)	(404)	(4,813)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(219)	57	-	-	(162)	(10)	(172)
Transfer to Retained earnings on disposal of subsidiary	-	-	(18)	-	-	-	-	(18)	-	(18)
Add: NCI on business combination during the year	-	-	-	-	-	-	(30)	(30)	99	69
Financial liability for future acquisition	-	-	-	-	-	-	-	-	22	22
At March 31, 2018	6,430	327	58	1,822	605	(33)	(30)	9,179	(81)	9,099
Profit/(Loss) for the year	-	-	-	(4,019)	-	-	-	(4,019)	(401)	(4,420)
Add: NCI on business combination during the year	-	-	-	-	-	-	(44)	(44)	63	19
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(211)	51	-	-	(160)	19	(141)
At March 31, 2019	6,430	327	58	(2,408)	656	(33)	(74)	4,956	(400)	4,557

Notes:

Security premium: Represents the premium received upon issues of shares in earlier years and can be utilized as per the provisions of Companies Act, 2013.
General reserve: The amount in general reserve has been recorded as per Companies (Transfer of Profits to Reserves) Rules, 1975 on declaration of dividend in earlier years.
Treasury Shares: represent the value of shares held by VLCC Employee welfare Trust (ESOP Trust) on behalf of the employees.
Legal Reserve: The legal reserve is created as per Memorandum of Association of the various foreign operations. It is not available for distribution unless provided in the local laws governing the foreign operations.
Financial liability for future acquisition:
 The Company acquired controlling stake of 76% of the shareholdings of Wyann International SDN BHD, Malaysia ("Wyann") and 85% of the shareholdings of Global Vantage Innovative Group Pte Ltd, Singapore ("Gvig") before the transition date i.e. April 1, 2015. The acquisitions were executed through share purchase agreements signed between the Company and the shareholders of respective companies. The share purchase agreement gives the right to the Company to purchase the remaining shareholding from the selling shareholders ("call option") as well gives the selling shareholders a right to make the Company purchase the remaining shareholding from them ("put option"), as per the terms of the shareholding agreement. As per Ind AS 109, the call and put options need to be recognised and measured at fair value at each reporting date. The fair value of put liability has been disclosed as "financial liability for future acquisition" under financial liabilities. This financial liability has been measured at INR 21 Lakhs as at 31 March 2017 which has been expired during the previous year.
 * Non-controlling interest is including the preference shares issued to minority shareholders.

Summary of significant accounting policies (refer note 2.1)

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

As per our report of even date

For S.R. Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm Registration Number: 101049W/E300004

Yogender Seth
 Partner
 Membership No. : 94524

For and on behalf of the Board of Directors
 of VLCC Health Care Limited

Jayant Khosla
 Managing Director
 DIN No. 08321843

Sandeep Ahuja
 Director
 DIN No. 00043118

Narinder Kumar
 Group Chief Financial Officer and Company Secretary

Place: Gurgaon
 Date: 16th September, 2019

Place: Gurgaon
 Date: 16th September, 2019



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

1. Corporate information

VLCC Health Care Limited (the "Company" or the "Parent") is an unlisted public limited company domiciled in India and was incorporated in India on October 23, 1996 under the provisions of the Companies Act applicable in India. The registered office of the Company is located at M-14, Greater Kailash-II, Commercial Complex, New Delhi.

The Company together with its subsidiaries (collectively, the "Group") has presence in India, Middle East, Asia and Africa.

The Group is principally engaged in the business of maintaining and running beauty, slimming, fitness and health centres at various locations, sale of beauty products and also provide vocational training in beauty and nutrition. Details of the Group structure and services provided by the Group are detailed in Note 38.

The Consolidated financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on September 16, 2019.

2. Significant accounting policies

2.1 Basis of preparation

The Group has voluntarily adopted Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 read together with Companies (Indian Accounting Standards) Rules, 2015 during the year ended March 31, 2017 with transition date being April 1, 2015.

These Consolidated financial statements comply with all material aspects with Ind AS notified under section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter.

The consolidated financial statements have been prepared on the accrual and going concern basis, and the historical cost convention, except for certain financial assets and liabilities measured at fair value as specifically required by Ind AS. (refer accounting policy regarding financial instruments).

Measurement of EBITDA

The Group presents Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) in the statement of profit and loss, this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the Group's financial position or performance or to cater to industry /sector- specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

Accordingly, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. In its measurement, the Group does not include depreciation and amortization expense, finance costs, finance income and tax expense.



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

Rounding of amounts

The consolidated financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated as per the requirement of Schedule III.

2.2 Basis of consolidation

Consolidation of Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2019. The Group Controls an investee or an entity when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee existing rights that give it the current ability to direct the relevant activities of the investee)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests (NCI) is the equity in the subsidiary not attributable to a Parent and presented separately from the Group's equity. Non-controlling interest consists of the amount at the date of business combination and its share of the changes in equity since that date.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on March 31.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory are eliminated in full). Intragroup losses may indicate an



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Refer Note 38 for details about the Company's subsidiaries.

2.3 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

a) Business combinations and goodwill

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

Business combinations after the transition date are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

c) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Treatment of exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Measurement of foreign currency non-monetary items at the Balance Sheet date

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

d) Fair value measurement

The Group measures financial instruments at fair value which required to be measured at fair value, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

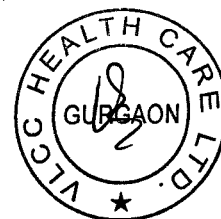
For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

e) Revenue recognition

Revenue from services

Ind AS 115 was issued on 28th March 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers effective April 1, 2018. The Group adopted Ind AS 115 using the full retrospective method of adoption and comparative information has also been restated to be reported under Ind AS 115.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, credits, price concessions and other incentives and discounts. Revenue also excludes taxes collected from



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

the customers.

Use of significant judgements in revenue recognition

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer over a period of time. The Group assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, price concessions, etc. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue from regular beauty sales are recognised as services are provided to the customers.

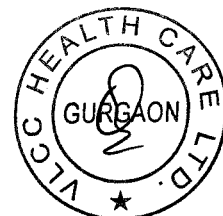
Revenue in respect of tuition fees received from students for courses run by the Company and also those launched under various schemes by the Government of India is recognised over the period of the course as the Company believes that the obligation is towards the full course rather than a particular session. Fees are recorded at invoice value, net of discounts, rebate, incentives if any.

Revenue in respect of non-refundable lump sum fees received from the franchisee's or infrastructure provider is recognised over the period of the contract.

Revenue in respect of royalty received from the franchisees is recognised on accrual basis at the end of each month in terms of the agreement.

Revenue from products

Revenue from sale of products is recognized when the Group transfers the control of goods to the customer as per the terms of contract, generally on delivery of the products. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, non-cash considerations and consideration payable to the customer (if any). The Group believes that the control gets transferred to the customer on delivery of the goods to the customers.

Rights of return

Certain contracts provide a customer with a right to return the damaged goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Group recognises a refund liability. A right of return asset (included in inventory) is also recognised for the right to recover products from a customer.

Non-cash consideration

The Group receives advertising services in return of sale of products to select customers. The fair value of such non-cash consideration received from the customer is included in the transaction price when goods are delivered to the customer. The Group applies the requirements of Ind AS 113 Fair Value Measurement in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods sold.

Variable consideration:

Volume rebates

Variable consideration in the form of volume rebates is recognised at the time of sale made to the customers and are offset against the amounts receivable from them. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

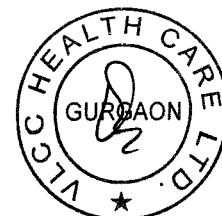
Display charges

The Group commonly pays retailers, charges to have their goods displayed prominently on shelves. As these charges do not provide a good or service distinct from sale of products by the Group, this is treated as a reduction to the transaction price.

Contract Balances -

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Unearned and deferred revenue ('contract liability') is recognised when there are billings in excess of revenues.

Interest income

Income from interest on time deposits is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates using the effective interest rate (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

f) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

g) Taxes

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



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Minimum Alternative Tax (MAT) provisions are applicable to the Group. Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profits will be available against which credit can be utilised. In the year in which MAT becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit entitlement to the extent it is no longer probable that the Group will pay normal tax during the specified period.

h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses if any. Cost directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of property, plant and equipment includes interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 3 and 12 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Capital work in progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on all Property, plant and equipment is provided on the straight line method over the estimated useful life of the assets at rates specified in Schedule II to the Companies Act, 2013, for the Companies incorporated in India. Freehold Land is not depreciated as it has unlimited useful life. The overall range of useful life for the Group is as follows:

Particulars	Useful life (Years)
Building	30 Years
Plant and equipment	10-15 years
Furniture and fixtures	7 -10 years
Vehicles	4 -8 years
Office equipment	5-10 years
Computers :	
• Servers	6 years
• Desktops/ laptops	3 -4 years



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- Leasehold improvements are amortized over the period of lease, including the optional period of lease or 9 years whichever is lower.
- All assets costing Rs.5,000 or below are depreciated in full on pro-rata basis from the date of their acquisition.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets are acquired/installed. Depreciation on sale/deduction from property, plant and equipment is provided for upto the date of sale, deduction, discardment as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of an item of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

i) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are amortised over their estimated useful life as follows:

Particulars	Useful life (Years)
Computer software	6 years
Mobile applications	3 years
Trademarks	10 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.



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j) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of that asset. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. In accordance with an opinion received from the expert advisory committee of the Institute of Chartered Accountants of India, the Group has during the year capitalized borrowing costs in respect of construction of qualifying assets completed within a period of five to seven months.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease where risks and rewards incidental to ownership of an asset substantially vest with the lessor is classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

The Group has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore are not straight-lined. Hence, the lease payments are recognised on an accrual basis as per terms of the lease agreement.

Contingent rental are recognised as rental expenses in the period in which they are incurred.

l) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a First in First Out (FIFO) basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Cost includes all expenses incurred in bringing the goods to their present location and condition including octroi and other levies, transit insurance and receiving charges. Work in Progress and finished goods include appropriate proportion of overheads wherever applicable. Goods in transit are valued at cost excluding import duties.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a



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weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

m) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognised where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

n) Provisions and Contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Group records a provision for decommissioning costs of a leased facility. Decommissioning costs are



provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates a funded defined benefit gratuity plan for its employees. Benefits payable to eligible employees of the Group with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The expected return on plan assets is based on the assumed rate of return of such assets.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Accumulated leave is treated as short-term employee benefit as the Group has no unconditional right to defer the liability. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

p) Employee Share-based payments

The Group has formulated employee Stock Option Plan as approved & modified by Compensation Committee / Board of Directors of the Group from time to time. The Plan provides for grant of Stock Options to eligible employees of the Group and its subsidiaries to acquire equity shares of the Group that vest in a graded manner and that are to be exercised within a specified period.

The options are to be converted into one share at a predetermined price to be exercised in accordance with the plan.

The exercise price of the options shall be fair market value on the date of grant per option. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over



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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Under the approved plan, the Group has issued shares to the VLCC Employee Welfare Trust at fair market value determined on the date of issue which is holding the shares on behalf of the employees.

q) Financial instruments

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

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual



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cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most applicable to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the P&L.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

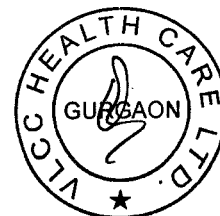
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, etc.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss



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Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

r) Earnings/ (Loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented

s) Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits



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with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Treasury shares

The group has created a VLCC Employee Welfare Trust for providing share-based payment to its employees. The group uses trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Group has issued shares to the trust at fair market value determined on the date of issue which is holding the shares on behalf of the employees. The group treats trust as its extension and shares held by the trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity. Share options exercised during the reporting period are satisfied with treasury shares.

2.4 New Accounting Standards

Disclosure of Ind AS 115 : Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

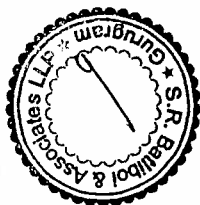
The Group adopted Ind AS 115 using the full retrospective method of adoption. Accordingly, restated comparative numbers and presented opening balance sheet as at April 01, 2017. The Company has applied practical expedient and not considered contracts already closed as at year end for the catch-up impact.

The Impact on Statement of Profit & Loss, Equity and Balance Sheet is as below :-

Impact on Statement of Profit and Loss

(i) Impact on Revenue

Particulars	March 31, 2019	March 31, 2018
Revenue before IND AS 115	87,088	85,390
Adjustment through IND AS 115		
Beauty and Slimming (Refer a below)	18	7



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Income from franchisees (Refer b below)	(36)	(68)
Display charges and other rebates (Refer c below) #	(1,827)	(1,838)
Revenue post IND AS 115	85,244	83,489

Reclassified from other expenses

Impact on Balance Sheet as per Ind AS :-

(i) Impact on Equity

Particulars	March 31, 2018	April 01, 2017
Equity before IND AS 115	13,905	18,756
Adjustment as per Ind AS 115 through Retained Earnings	(979)	(979)
- Beauty and Slimming (Refer a below)	(798)	(798)
-Income from franchisees (Refer b below)	(181)	(181)
Impact on Profit and Loss	(61)	-
-Beauty and Slimming (Refer a below)	7	-
-Income from franchisees (Refer b below)	(68)	-
Equity post IND AS 115	12,865	17,777

(ii) Impact on Contract Liabilities

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Contract Liabilities before IND AS 115	7,714	7,239	6,892
Adjustment through IND AS 115 through RE (Refer (i) above)	-	-	978
Adjustment through IND AS 115(Refer d below) ##	406	332	259
Adjustment through IND AS 115 (a+b)	18	61	-
Contract Liabilities post IND AS 115	8,138	7,632	8,129

Reclassified with corresponding impact on current liabilities.



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(iii) Impact on Trade Receivable

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Trade Receivables before IND AS 115*	5,511	7,318	6,611
Adjustment through IND AS 115 (Refer e below) **	(437)	(250)	(249)
Trade Receivables post IND AS 115	5,074	7,068	6,362

* Adjusted for other reclassifications other than for impact of Ind-AS 115

**Reclassified with corresponding impact on provisions- current

The nature of these adjustments is described below:

A. Revenue

a) Beauty and Slimming packages

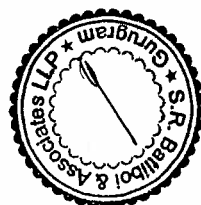
Before Ind-AS 115, revenue from fees received from customers towards beauty and slimming packages were recognised on a pro-rata basis over the period of the package. After adoption of Ind-AS 115, the revenue is recognised upon transfer of control of promised products or services to customers and involve judgements in determination of contract price, determination of timing of completion of performance obligation etc. Based on best estimate the adjustments are made to the revenues and contract liabilities earlier recognised. Accordingly, the revenue from beauty and slimming packages has increased by INR 18 lakhs and by INR 7 lakhs for the year ended March 31, 2019 and March 31, 2018 respectively with a corresponding impact to the statement of profit and loss. Further, as at March 31, 2017 the impact of Rs 798 lakhs on the contract liability has been adjusted from Retained earnings as per transitional provisions of Ind-AS 115.

b) Income from Franchisees

Before Ind-AS 115, revenue in respect of non-refundable lump sum fees received from the franchisee's is recognised over the period of the contract after attributing revenue to services rendered on the first time set up whereas after adoption of Ind AS 115, the entire non-refundable lump sum fees is recognised over the period of contract. Accordingly, the revenue from franchisees has decreased by INR 36 lakhs and by INR 68 lakhs for the year ended March 31, 2019 and March 31, 2018 respectively with a corresponding impact to the statement of profit and loss. Further, as at March 31, 2017 the impact of Rs 180 lakhs on the contract liability has been adjusted from Retained earnings as per transitional provisions of Ind-AS 115.

c) Display charges and other rebates

Before Ind AS 115, display charges and other rebates (e.g. joint promotional schemes with select customers) were disclosed in other expenses. However, after adoption of Ind AS 115, these are adjusted to the transaction price as these do not represent a good or service distinct from sale of products. Accordingly, revenue from contracts with customers has decreased by INR 1,827 lakh and INR 1,837 lakh for the year ended March 31, 2019 and March 31, 2018 respectively, with a corresponding decrease in other expenses.



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

d) Contract Liability

Before Ind AS 115, advances from customers were disclosed under other current liabilities. However, after adoption of Ind AS 115, advances from customers represent contract liability and thus, contract liability has been recognised separately in balance sheet for prior periods presented with a corresponding decrease in other current liabilities.

e) Refund Liability

Before Ind AS 115, an estimate for expected sales return was included in provisions. However, after adoption of Ind AS 115, provision for expected sales return represent refund liability and thus, refund liability has been netted off from trade receivables for all periods presented with a corresponding decrease in provisions.

Standards issued but not yet effective:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset

Ind AS 116 is effective for the Group w.e.f. April 01, 2019 using either one of the following two methods:
(a) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 116 (the full retrospective method); or



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Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

(b) retrospectively with the cumulative effect of initially applying Ind AS 116 recognized at the date of initial application (April 01, 2019) and providing certain additional disclosures as defined in Ind AS 116 (the modified retrospective method).

The Group intends to adopt the standard from 1 April 2019. The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on leases resulting from the application of Ind AS 116 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements.

Ind AS 21: The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

Ind AS 12: Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

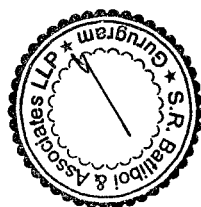
These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Ind AS 19 – plan amendment, curtailment or settlement:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.



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Notes to Consolidated Financial Statements for the year ended March 31, 2019
All amounts in INR Lakhs (unless otherwise stated)

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company has established an implementation team to implement and evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

3. Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/ materialise.

3.1 Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessee

The Group has entered into operating lease arrangements for certain facilities and office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it significant risks and rewards of ownership of these properties are not transferred to the Group and accounts for the contracts as operating leases.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Share-based payments

The Group initially measures the cost of equity-settled transactions with employees using a black-scholes model to determine the fair value of the option granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



VLCC Health Care Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2019

All amounts in INR Lakhs (unless otherwise stated)

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 32.

Provision for decommissioning

In measuring the provision for site restoration obligation, the Group uses the technical estimates to determine the expected cost of dismantling and removing the improvement or infrastructure for properties under lease. Discount rates are determined based on the government bond rate of a similar period as the liability.

Also refer Note 2.4 for judgements on revenue recognition.



4 Property, plant & equipment

	Land	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Computers	Total	Capital work in progress #
Gross Block										
(At cost)										
At April 1, 2017	-	2,109	6,040	1,343	787	3,373	28,757	387	42,796	538
Add: Additions	261	104	714	216	171	1,426	2,677	82	5,653	
Less: Disposals	-	-	(449)	(52)	(65)	(115)	(882)	(14)	(1,578)	(384)
Less: Capitalization	-	-	-	9	11	184	236	67	507	
Translation adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	261	2,213	6,305	1,515	903	4,870	30,790	521	47,378	154
Add: Additions	0	1	269	116	5	1,747	1,723	67	3,929	
Less: Disposals	-	-	(461)	(46)	(29)	(477)	(575)	0	(1,587)	(154)
Less: Capitalization	-	-	-	22	11	335	1,303	68	1,738	
Translation adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2019	261	2,214	6,113	1,607	890	6,475	33,241	657	51,458	-
Depreciation										
At April 1, 2017	-	111	1,113	368	251	1,139	8,496	285	11,764	
Add: Charge	-	94	794	205	141	646	3,856	141	5,878	
Translation adjustments	-	-	(354)	(43)	(27)	(34)	(565)	(11)	(1,034)	
Less: Disposals	-	-	-	13	10	148	64	46	280	
As at March 31, 2018	-	205	1,553	542	375	1,900	11,852	461	16,888	
Add: Charge	-	96	652	196	139	888	4,038	119	6,128	
Less: Disposals	-	-	(354)	(43)	(27)	(34)	(565)	(11)	(1,034)	
Translation adjustments	-	-	-	12	5	168	457	49	691	
As at March 31, 2019	-	301	1,851	707	492	2,921	15,782	619	22,673	
Net carrying value										
At March 31, 2018	261	2,008	4,752	973	528	2,970	18,938	60	30,490	154
At March 31, 2019	261	1,913	4,262	900	398	3,554	17,459	38	28,785	-

Capital work in progress as at March 31, 2019 majorly comprises of leasehold improvements.
Disposals includes asset write off of Gross book value Rs. 1,714 Lakhs (Net Book Value Rs. 689 Lakhs)



5. Intangible assets	Computer software	Trademarks	Total	Intangibles under development
Gross Block				
(At cost)				
At April 1, 2017	733	0	733	-
Add: Additions	239	-	239	-
At March 31, 2018 #	972	0	972	-
Add: Additions	16	-	16	5
At March 31, 2019 #	988	0	988	5
Amortisation and impairment				
At April 1, 2017*	176	0	177	-
Add: Amortisation charge	162	-	161	-
At March 31, 2018	338	0	338	-
Add: Amortisation charge	151	-	151	-
At March 31, 2019 *	489	0	489	-
Net carrying value				
At March 31, 2018	634	-	634	-
At March 31, 2019	499	-	499	5

* Absolute amounts of trademarks before rounding off is INR 21,226.
Absolute amounts of trademarks before rounding off is INR 42,452.

6. Goodwill

	Year ended March 31, 2019	Year ended March 31, 2018
Opening Balance	1,947	1,821
Add: On account of business combination during the year	-	79
Effects of exchange translation	18	47
Closing balance	1,965	1,947

6 (i) Impairment tests for Goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The following are the key assumptions for the CGU:-

Revenue (% of annual growth)	10%
Pre-tax discount rate (%)	9.5%
Operating Margin (% of sales)	9%

Management has determined the values assigned to each of the above key assumptions based on the past performance and specific risk relating to the business. The Group has performed impairment testing for the above CGU and no impairment charge has been identified.

Significant estimate: Impact of possible changes in key assumptions:-

Sensitivity analysis:

If the estimated operating margin used in the value-in-use calculation for the projection CGU had been 1% lower than management's estimates at 31 March 2019, the Company would still have a higher recoverable amount and no additional impairment against the carrying amount of goodwill will be charged.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates, the recoverable amount of the Company would still be higher than the carrying amount and no impairment against the carrying amount of goodwill would have to be recorded.

The Company has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of any CGU to exceed its recoverable amount.



7 Financial assets

7 (a) Non-current investments

Investment in government securities (Unquoted) (at amortised cost)*
6 year national savings certificate (pledged with sales tax)

	March 31, 2019	March 31, 2018
	0	0
	0	0

* Absolute amount before rounding off are Rs 23,000 and 43,000 as at March 31, 2019 and March 31, 2018.

7 (b) Loans (Unsecured considered good unless otherwise stated)

Non current

Security deposits
- Considered good
- Considered doubtful

	March 31, 2019	March 31, 2018
Security deposits	894	858
- Considered good	160	160
- Considered doubtful	1,054	1,018
	(160)	(160)
	894	858

Less: Allowance for doubtful deposit

Current

Security deposits
Advance to employees

Security deposits	839	1,219
Advance to employees	192	116
	1,031	1,335

7 (c) Trade receivables

Unsecured

- Considered good
- Considered doubtful

	March 31, 2019	March 31, 2018
	5,074	7,068
	641	1,301
	5,715	8,369

Less: Impairment allowance for doubtful trade receivables

- Considered doubtful

Total Trade receivables

	(641)	(1,301)
	5,074	7,068

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member.
Trade receivables are non-interest bearing and are generally on terms of not more than 30 days.

7 (d) Cash and cash equivalents

Balances with banks:

- On current account
- Deposits with original maturity of less than three months (refer note (i) below)

	March 31, 2019	March 31, 2018
	1,576	1,779
	8	-

Cash on hand *

Cheques on hand

Credit card receivables

	1,033	608
	1,003	714
	607	580
	4,227	3,681

* Includes foreign currencies equivalent to INR Lakhs

	130	112
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7 (e) Other bank balances (refer note (i) below)

Non Current

Deposits with original maturity of more than twelve months

	March 31, 2019	March 31, 2018
	99	154
	99	154

Current

Deposits with original maturity of more than three months but less than twelve months
Deposits with original maturity of more than twelve months

	51	39
	19	0
	70	39

Note:

(i) Out of above deposits referred in note 7(d) & 7(e), deposits lodged with banks in favour of government authorities

	177	116
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7 (f) Other financial assets (Unsecured, considered good unless stated otherwise)

Non Current

Interest accrued on bank deposits

	March 31, 2019	March 31, 2018
	1	2
	1	2

Current

Interest accrued on fixed deposit
Other receivable

	March 31, 2019	March 31, 2018
	1	1
	51	47
	52	48



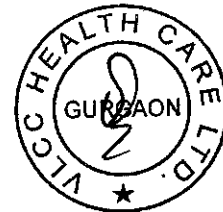
	March 31, 2019	March 31, 2018
8 Inventories		
Raw Materials (at cost)	750	785
Less : Provision for slow moving and obsolete inventory	(56)	(21)
	694	764
Packing Materials (at cost)	1,152	1,046
Less : Provision for slow moving and obsolete inventory	(211)	(175)
	941	871
Work in progress (at cost)	20	26
Finished goods (at lower of cost or net realisable value)[Refer Note (i) below]	1,492	1,455
Less : Provision for slow moving and obsolete inventory	(68)	(111)
	1,424	1,344
Stock in trade (acquired for trading) [Refer Note (ii) below]	1,425	1,376
(Incl. stock in transit INR 2 Lakhs March 31, 2018: INR 19 Lakhs)		
Less : Provision for slow moving and obsolete inventory	(38)	(54)
	1,387	1,322
Consumables (at cost) (Incl. stock in transit INR 62 Lakhs March 31, 2018: Nil)	2,136	2,177
	2,136	2,177
Total	6,602	6,504

- (i) Finished goods include goods aggregating to INR 749 lakh (March 31, 2018: INR 961 lakh) lying with C&F agents.
(ii) Stock-in-trade includes goods aggregating to INR 242 lakh (March 31, 2018: INR 361 lakh) lying with C&F agents.

9 Other assets (Unsecured, considered good, unless otherwise stated)

	March 31, 2019	March 31, 2018
Non- Current		
Capital advances	13	144
Tax paid under protest	29	23
(i) VAT/Service tax/Custom Duty	18	18
(ii) Luxury Tax	268	369
Deferred Lease -security deposit	60	60
Other Advances	9	24
Prepaid expenses		
Unsecured, considered doubtful	21	21
Sales tax paid under protest	(21)	(21)
Provision for doubtful advances	397	638
Other assets (Unsecured, considered good, unless otherwise stated)		
Current		
Advance to suppliers	752	1,282
Balances with government authorities(including GST Refund Receivable*)	888	1,476
Duty drawback	8	10
Focus product scheme (FPS) receivable	129	104
Deferred Lease -security deposit	85	89
Prepaid expenses	621	585
	2,483	3,546

* GST refund is receivable under Budgetary Support offered by the Government of India as per scheme notified vide Notification dated 05/10/2017 issued by DIPP and as per CBEC Circular No. 1060/9/2017-CX dated 27/11/2017.



10. Equity Share Capital

	March 31, 2019	March 31, 2018
Authorised share capital 5,00,00,000 (March 31, 2018: 5,00,00,000) Equity shares of INR 10 each with voting rights	5,000	5,000
Issued, subscribed and fully paid-up shares 3,76,68,283 (March 31, 2018: 3,76,68,283) Equity shares of INR 10 each	3,767	3,767
Total issued, subscribed and fully paid-up share capital	3,767	3,767

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	No. of shares in lakhs	Amount
Equity shares of INR 10 each issued, subscribed and fully paid:		
At April 01, 2017	377	3,767
Issued during the year	-	-
At March 31, 2018	377	3,767
Issued during the year	-	-
At March 31, 2019	377	3,767

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuing annual general meeting.

During the year no interim/ final dividend has been paid or proposed by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the company

Equity Shares of INR 10 each fully paid	March 31, 2019		March 31, 2018	
	No. of shares (in Lakhs)	% holding in the equity shares	No. of shares (in Lakhs)	% holding in the equity shares
Mr. Mukesh Luthra	92	24.37%	92	24.37%
Mrs. Vandana Luthra	167	44.35%	167	44.35%
Leon International Limited	51	13.65%	51	13.65%
M/s Indivision India Partners	57	15.11%	57	15.11%
Total	367		367	

d) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Equity shares with voting rights
Fully paid up by way of bonus shares issued on
September 27, 2013

354 Lakhs

e) Shares reserved for issue under options :

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, refer note 34.



(All amounts in INR Lakhs unless otherwise stated)

- (ii) Term loan of USD 3,000,000 obtained by VLCC International Inc. The effective interest rate on the loan is LIBOR + 350 bps per annum. Originally the loan is repayable in 60 monthly instalments. The balance of loan is repayable in different instalments and all are maturing in September 2020.
- (iii) Loan facility of USD 3,000,000 obtained by VLCC International (L.L.C) which is secured by the assignment of credit card receivables of the subsidiary, an exclusive charge over the current assets and fixed assets of the subsidiary, corporate guarantee of VLCC Health Care Limited and VLCC International Inc., and post dated cheques for the term loan instalments of the subsidiary. Originally the loan is repayable in 60 monthly instalments. The effective interest rate on term loan is 6 month LIBOR+375 bps per annum. The outstanding loan is repayable in 28 instalments of USD 50,000 each as on March 31 2019.
- (iv) The loan is secured by a first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 60 monthly instalments out of these 34 monthly instalments of INR 25 Lakhs each alongwith interest at Base rate plus 0.9% are pending as on March 31, 2019.
- (v) The loan is secured by a first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 54 monthly instalments out of these balance 29 monthly instalments of INR 24.6 Lakhs alongwith interest at Base rate plus 0.50% are pending as on March 31, 2019.
- (vi) The loan is secured by a first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 60 monthly instalments out of these balance 42 monthly instalments of INR 35.6 Lakhs alongwith interest at Base rate plus 0.50% are pending as on March 31, 2019.
- (vii) Loan availed by VLCC International LLC and is secured by td, first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 48 monthly instalments. The loan is repayable in 29 monthly instalments of USD 104,167 each alongwith interest at LIBOR plus 350 points .
- (viii) The term loan is taken from HDFC Bank on a interest rate at MCLR plus 0.45% p.a for the purpose of new plant at Guwahati. The loan is secured by an exclusive charge on the land, building and movable assets located at the new manufacturing facility situated at Guwahati and second pari passu charge on all current assets of the Company. Originally the loan is repayable in 60 monthly instalments out of which 33 monthly instalments of INR 16.43 lakh and interest was repayable as on 31st March 2019.
- Some of the financial covenant as per term loan agreement of HDFC bank limited was not met during the year and the Company has informed the bank about the same. The bank has not yet demanded the repayment, accordingly the term loan of INR 542 lacs has been disclosed as 'non-current.
- (ix) Loan availed by VLCC Singapore Pte Ltd to finance the acquisition of leasehold property. The loan is secured by a charge of the leasehold property and carries an effective interest rate of 2.99% per annum. The loan is repayable in 240 monthly instalments commencing from December 2009.
- (x) Loan availed by VLCC Singapore Pte Ltd to finance the acquisition of leasehold property. The loan is secured by a charge of the leasehold property and carries an effective interest rate of 2.99% per annum. The loan is repayable in 240 monthly instalments commencing from June 2011.
- (xi) Loan availed by VLCC Singapore Pte Ltd is to finance the working capital requirement and carries an effective interest rate of 2.18% per annum. The loan is repayable in 300 monthly instalments commencing from August 2015.
- (xii) Loan availed by VLCC Singapore Pte Ltd is to finance the working capital requirement and carries an effective interest rate of 2.77% per annum. The loan is repayable in 36 monthly instalments commencing from September 2018.
- (xiii) The vehicle loan is taken from Emirates National Bank of Dubai on a interest rate of 5.16%-5.6% p.a . The loans are secured by hypothecation of respective vehicles., repayable in 30 monthly instalments of AED 20,450 alongwith interest.
- (xiv) The vehicle loan is taken from HDFC Bank on a interest rate of 8%-8.3% p.a . The loans are secured by hypothecation of respective vehicles., repayable in 38 monthly instalments of INR 2.3 Lakhs alongwith interest.
- (xv) The vehicle loan is taken from Kotak Mahindra Prime Ltd. on a interest rate of 9.39% p.a . The loans are secured by hypothecation of respective vehicles, repayable in 20 monthly instalments of INR 1.5 Lakhs alongwith interest.
- (xvi) The Vehicle loan is taken for vehicle from ICICI Bank is taken on a interest rate of 8.51% p.a . The loans are secured by hypothecation of respective vehicles., repayable in 36 monthly instalments of INR 0.61 Lakhs alongwith interest.
- (2) The unsecured loan has been taken from Palm Land Hospitality Private Limited and is payable within 3 years alongwith interest at 12% p.a.
- (3) Details of terms of repayment provided in respect of the secured current borrowings:



	March 31, 2019	March 31, 2018
Cash Credit		
Secured:		
Yes Bank [Refer Note (b)]	1,636	1,703
HDFC Bank [Refer Note (c)]	2,930	2,604
Standard Chartered Bank [Refer Note (d)]	-	290
Axis Bank Limited [Refer Note (e)]	2	144
Mashreq Bank [Refer Note (f)]	514	407
	<u>5,082</u>	<u>5,148</u>
Unsecured:		
Yes Bank Limited [Refer Note (g)]	500	432
	<u>500</u>	<u>432</u>
	<u>5,582</u>	<u>5,580</u>

- (a) The Group has not defaulted in repayment of loans and interest during the year.
- (b) The loan is secured by a first pari passu charge on all current assets and movable fixed assets (other than vehicles), both present and future and payable on demand along with interest at base rate plus 0.50%.
- (c) The loan is secured by a first pari passu charge on all current assets and second pari passu charge on all movable fixed assets, both present and future along with interest of HDFC Bank MCLR Rate + 0.60% (Margin) per annum.
- (d) The loan is secured by a first pari passu charge on all current assets and second pari passu charge on all movable fixed assets, both present and future along with interest of Standard Chartered Bank MCLR Rate + 1.70% (Margin) per annum.
- (e) The loan is secured by a first pari passu charge on all current assets and movable fixed assets, both present and future and payable on demand along with interest at base rate plus 1.10%.
- (f) Secured by the assignment of receivables, assignment of insurance policies covering stocks, hypothecation of stocks, irrevocable assignment of credit card receivables.
- (g) The loan is payable on demand along with interest at base rate plus 0.50%.

11(b). Trade payables

	March 31, 2019	March 31, 2018
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	20,470	19,531
	<u>20,470</u>	<u>19,531</u>
Total		
Trade payables are non-interest bearing and are normally settled on 60-90 day terms.		

11 (c). Other financial liabilities

	March 31, 2019	March 31, 2018
Non- Current		
Security deposits received	197	121
	<u>197</u>	<u>121</u>
Current		
Current maturities of long term borrowings (Refer note 11(a))	3,416	4,315
Interest accrued but not due on borrowings	44	48
Interest payable on security deposits	4	4
Payable for capital purchases	573	1,054
	<u>4,037</u>	<u>5,421</u>
	<u>4,234</u>	<u>5,542</u>



	March 31, 2019	March 31, 2018
12. Provisions		
Non-current		
Provision for employee benefits	1,014	849
Provision for gratuity (Refer to note 32)	1,014	849
Other provisions		
Provision for decommissioning liabilities	75	68
	75	68
	1,089	917
	March 31, 2019	March 31, 2018
Current		
Provision for employee benefits	242	160
Provision for gratuity (Refer to note 32)	515	409
Provision for compensated absences	757	569

Provision for decommissioning liabilities

According to operating lease agreements entered by the Group, it has to incur cost for restoring lease premises to the original condition at the time of expiry of lease period. Approximately 50% of the outflow is expected to be in 1-3 years. Remaining outflow is expected to be in 4-9 years.

At the beginning of the year
Arising during the year
At the end of the year

	March 31, 2019	March 31, 2018
	68	62
	7	6
	75	68

13. Contract liabilities

Non-current
Deferred revenue

	March 31, 2019	March 31, 2018
	826	444
	826	444

Current
Deferred revenue
Advance from customers

	March 31, 2019	March 31, 2018
	6,905	6,857
	406	332
	7,311	7,189
	8,137	7,633

Total

Contract Liabilities consists of

- (i) revenue relating to unexecuted packages of beauty and slimming services for which amount has been received in advance from customers and are non refundable;
(ii) revenue relating to franchisee sign up fee for which amount has been received in advance from franchisor and are non refundable and are recognized over the period of contract with the franchisee.

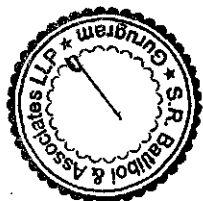
14. Other liabilities

Non-current
Provision for lease equalisation
Deferred grant liability

	March 31, 2019	March 31, 2018
	159	155
	14	17
	173	172

Current
Interest accrued on trade payables
Statutory dues
Advance from franchisee
Deferred grant liability
Provision for lease equalisation

	March 31, 2019	March 31, 2018
	20	7
	1,067	546
	364	226
	3	3
	40	44
	1,494	826
	1,667	998



15. Income tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

(i) Statement of profit and loss

Tax Expense:

Current tax
Adjustments in respect of current income tax of previous year
Deferred tax:
Relating to origination and reversal of temporary differences
Income tax expense reported in the statement of profit and loss

	March 31, 2019	March 31, 2018
	174	69
	(5)	12
	155	(219)
	324	(138)

(ii) Other Comprehensive Income

Deferred tax related to items recognised in OCI during the year:

Net loss/(gain) on remeasurements of defined benefit plans
Income tax charged to OCI

	March 31, 2019	March 31, 2018
	0	(1)
	0	(1)

b) Current tax asset/ (liabilities) (net)

Current tax assets
Current tax (liabilities)
Current tax asset/ (liabilities) (net)

	March 31, 2019	March 31, 2018
	3,322	3,321
	2,792	2,692
	530	629

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate of respective jurisdiction for March 31, 2019, March 31, 2018:

Particulars	March 31, 2019	March 31, 2018
Profit/(loss) before tax and after exceptional items:	(4,096)	(4,951)
Income Tax expense @ Holding Company's domestic tax rate of 34.608%	(1,418)	(1,713)
Adjustments in respect of current income tax of previous years	(5)	12
Tax impacts of following items:	350	509
Losses on which no/lower tax is applicable	5	7
CSR Expenses	39	94
Non-deductible expenses for tax purposes	67	-
Rate difference	1,291	864
Reversal of deferred tax assets/deferred tax assets not recorded	(5)	89
Others (net)	324	(138)
At the effective income tax rate as applicable	324	(138)
Income tax expense reported in the statement of profit and loss	324	(138)

Balance sheet

Deferred tax assets relates to the following

Depreciation/amortisation on property, plant and equipment/intangible
Employee benefits
Provision for inventory
Provision for doubtful trade receivables
Provision for doubtful advances
Provision for doubtful deposits
Carry forward losses/unabsorbed depreciation
MAT credit entitlement
Others
Total deferred tax assets

	As at March 31, 2019	As at March 31, 2018
	1,184	1,136
	188	275
	109	125
	244	457
	21	8
	54	54
	881	873
	1,655	1,655
	226	135
	4,562	4,718



	March 31, 2019	March 31, 2018
Statement of profit and loss		
Deferred tax assets relates to the following		
Depreciation/amortisation on property, plant and equipment/intangible	48	(45)
Employee benefits	(2)	19
Carry forward losses/unabsorbed depreciation	8	-
Provision for doubtful debts/provision for impairment	(214)	171
Provision for inventory	(16)	77
Provision for doubtful advances	12	5
MAT credit entitlement	-	(3)
Others (net)	9	(3)
Total deferred tax assets (Net)	(155)	221

The Group offsets tax assets and liabilities if and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Movement in Deferred tax assets

At the beginning of the year
Tax credit/(charge) recognised in profit and loss
Tax credit/(charge) recognised in OCI
At the end of the year

	March 31, 2019	March 31, 2018
At the beginning of the year	4,718	4,498
Tax credit/(charge) recognised in profit and loss	(155)	219
Tax credit/(charge) recognised in OCI	0	1
At the end of the year	4,563	4,718

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(All amounts in INR Lakhs unless otherwise stated)

16. Revenue from contracts with customers

	March 31, 2019	March 31, 2018
Sale of products [Refer Note (i) below]	24,005	25,751
Sale of services [Refer Note (ii) below]	60,957	56,953
Other operating revenues [Refer Note (iii) below]	282	785
Revenue from contracts with customers	85,244	83,489

Notes:

(i) It is not practicable to furnish the broad heads in view of the considerable number of items diverse in size and

(ii) Sale of services comprises:

Beauty & slimming services	53,376	50,827
Tuition fees	6,401	4,972
Franchisees and collaborator	280	449
Royalty income	900	705
	60,957	56,953

(iii) Other operating revenues comprise:

Focus Product Scheme License	25	21
GST-Refund	211	671
Subsidy from government	33	80
Duty drawback	13	13
	282	785

Sale of products	24,005	25,751
Revenue from contracts with customers	85,244	83,489

(iv) **Timing of revenue recognition**

Goods/Services transferred at a point in time	33,336	35,174
Services transferred over time	51,908	48,315

(v) **India**

Middle East	55,947	55,496
Asia	23,139	21,053
Rest of the world	5,793	6,688
Revenue from contracts with customers	85,244	83,489

(vi) **Contract balances**

Contract liabilities	8,137	7,633
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Note:

Contract liabilities includes advance from customers received for supply of services.

(v) **Right of return assets and refund liabilities**

Right of return assets (included in inventories)	82	-
Refund liability (netted off from	437	250

(vi) **Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

Revenue as per contracted price	94,612	92,110
Adjustments:		
Sales discounts and schemes	4,659	3,991
Display charges	873	974
Sales return	3,836	3,656
Revenue from contracts with customers	85,244	83,489



March 31, 2019 March 31, 2018

vii) Performance obligations

The transaction price allocated to the remaining performance obligations
 (unsatisfied or partially

Revenue expected to be recognised upon delivery of Services		
Within one year	7,311	7,189
More than one year	826	444

The performance obligation is satisfied upon delivery of goods to the customers. The unsatisfied performance obligations represents goods not delivered to the customers by end of the reporting period.

17. Other income

	March 31, 2019	March 31, 2018
Profit on sale of investment	-	4
Miscellaneous income	76	60
	<u>76</u>	<u>64</u>

18. Finance income

	March 31, 2019	March 31, 2018
Interest from banks on deposits		
[Taxes deducted at source INR 1 Lakhs (March 31, 2018: INR 2 Lakh)]	24	21
- Interest on Security Deposits (refer note (i))	134	88
- Interest on loans and advances	3	1
- Interest on income tax refund	11	-
	<u>172</u>	<u>110</u>

Note (i)
 Interest on security deposits which is at fair value has been measured using effective interest rate method and the difference between fair value and transaction value of the security deposit has been recognised as deferred lease expense and deferred lease expenses has been amortised as rental expenses.



19. Cost of materials consumed

Material consumed	March 31, 2019	March 31, 2018
<u>Raw Materials consumed</u>		
Opening stock	763	651
Add: Purchases	3,317	2,855
	4,080	3,506
Less: Closing stock	694	763
	3,386	2,743
<u>Packing materials consumed</u>		
Opening stock	871	973
Add: Purchases	3,530	3,858
	4,401	4,831
Less: Closing stock	941	871
	3,460	3,960
<u>Consumables consumed</u>		
Opening stock	2,177	1,646
Add: Purchases	5,796	6,096
	7,973	7,742
Less: Closing stock	2,136	2,177
	5,837	5,565
Total	12,683	12,268

It is not practical to furnish consumption of raw materials and packing materials more than 10% in view of the considerable number of items diverse in size and nature.

20. (Increase) / decrease in inventories

	March 31, 2019	March 31, 2018
Inventories at the end of the year		
- Finished goods	1,492	1,455
- Stock-in-trade	1,425	1,376
- Work in Progress	20	26
	2,937	2,857
Inventories at the beginning of the year		
- Finished goods	1,455	1,173
- Stock-in-trade	1,376	1,695
- Work in progress	25	18
	2,856	2,886
Less : Provision / (reversal of provision) for obsolete and slow moving Inventory	59	(103)
(Increase) / decrease in inventories	(140)	132
Purchase of goods for resale	1,890	940

21. Employee benefits expense

	March 31, 2019	March 31, 2018
Salaries, wages and bonus	29,148	26,061
Contribution to provident and other funds	621	539
Gratuity expenses (Refer to note 32)	310	282
Staff welfare expenses	672	634
	30,751	27,516



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(All amounts in INR Lakhs unless otherwise stated)

	March 31, 2019	March 31, 2018
22. Finance cost		
Interest on		
-Term loan	793	1,087
-Others	58	11
-Cash credit	518	456
Other finance cost	1,540	1,436
Unwinding of discount and effect of changes in discount rate on	7	6
	2,916	2,996
23. Depreciation and amortization expense		
Depreciation of property, plant & equipment (Refer to note 4)	6,128	5,878
Amortization of intangible assets (Refer to note 5)	151	161
Total	6,279	6,039
24. Other expenses		
Rent [Refer note 28]	8,033	7,727
Advertisement and sales promotion	11,132	14,112
Consumables	41	49
Power and fuel	163	154
Electricity and water	1,292	1,265
Repairs and maintenance		
- Building	328	275
- Equipment	144	151
- Others	1,170	985
Insurance	180	226
Rates & taxes	82	155
Communication expenses	543	614
Travelling and conveyance	2,855	2,744
Vehicle running and maintenance	145	136
Printing and stationery	151	197
Freight and forwarding charges	740	896
Sub-contracting expenses	521	568
Commission to clearing and forwarding agent	934	875
Expenditure on corporate social responsibility	23	21
Legal and professional charges	2,437	2,520
Payments to auditors [Refer Note (i) below]	103	99
House keeping charges	1,571	1,500
Office expenses	620	703
Generator rent and maintenance charges	221	218
Laundry expenses	185	198
Security charges	210	180
Warehouse charges	161	165
Directors sitting fees	23	18
Exhibition expenses	199	113
Student training exp.	78	66
Provision/write back for doubtful trade receivables (Net of bad debts written off Rs. 197 Lakhs (March 31, 2018: 37 Lakhs)	(481)	316
Provision for doubtful advances	14	31
Provision for inventory	12	224
Inventory written off/adjustments	327	415
Advances and deposits written off	11	14
Loss on fixed assets sold / scrapped	8	39
Net loss/(gain) on foreign currency transactions and translation	(100)	(5)
Miscellaneous expenses	752	688
Total	34,828	38,652



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Note (i)	March 31, 2019	March 31, 2018
Payment to Auditors		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
Audit fee	41	36
In other capacity	5	5
Other services	4	4
Reimbursement of expenses		
	52	52
Payment to Other auditors	2	2
To cost auditors for cost audit		
Total	104	99

24(a) EXCEPTIONAL ITEMS

	March 31, 2019	March 31, 2018
Disposal of substantial assets of subsidiary	381	-
Loss on sale of investment of subsidiary	-	71
Total	381	71

During the year, Wyan International SDN BHD, one of Group's subsidiary has entered into a business transfer agreement to dispose their business operations and fixed assets.

25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation:

	March 31, 2019	March 31, 2018
Nominal value of equity shares (INR)	10	10
Profit/(Loss) attributable to equity shareholders for computing basic and dilutive EPS (A)	(4,420)	(4,813)
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	377	377
Dilutive effect of share based payments on weighted average number of equity shares outstanding during the year (INR)	-	-
Weighted average number of equity shares outstanding during the year for computing diluted EPS (C)	377	377
Basic earning per share (A/B)	(11.73)	(12.78)
Diluted earning per share (A/C)	(11.73)	(12.78)

There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.



26. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the entrepreneurs memorandum number as allocated after filing of the memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year-end has been made in the financial statements based on information available with the Company as under:

	March 31, 2019	March 31, 2018
The amounts remaining unpaid to suppliers as at the end of the year	195	58
-Principal	24	7
-Interest		
-the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with	-	2
-the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
-The amount of interest accrued and remaining unpaid at the end of each accounting year	7	-
-the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	18	7

27. **Contingent liabilities and commitments (to the extent not provided for)**

(i) **Contingent liabilities**

	March 31, 2019	March 31, 2018
Other Money for which the Group is contingently liable		
- Value added tax demand [Refer Note (a) below]	178	178
- Entry tax demand [Refer Note (b) below]	44	-
- Service tax [Refer Note (c) below]	27	15
- Luxury tax [Refer Note (d) below]	32	32
- Customs duty [Refer Note (e) below]	91	91
- Income tax [Refer Note (f) below]	373	392
- Claims against the Company not acknowledged as debts [refer note (g)]	118	29
	<u>863</u>	<u>737</u>

- (a) Company has 13 cases with respect to demand of VAT for different states for which appeals are pending with Commissioner (Appeals) of respective state.
- (b) Entry tax demand comprise demand from VAT authorities of West Bengal under West Bengal Tax on Entry of Goods into Local Areas Act, 2012 for the period 2015-16 and 2016-17 amounting to INR 44 lakh (March 31, 2018: Nil) which are pending before the appellat authorities. The tax demands are mainly on account of non-payment of tax on goods imported into the state.
- (c) Company has 11 cases for service tax out of which, 8 are pending with CESTAT and 3 with Appellate authorities .
- (d) Group has one case of luxury tax which is pending with Appellate tribunal (commercial tax).
- (e) Demand for customs duty aggregating to INR 91 Lakhs (March 31, 2018: 91 Lakhs) for the year 2012-16 is disputed by the Company and the Company had preferred an appeal with CESTAT. On similar matter for another consignment, CESTAT vide its order dated 30.6.2017 has already set aside the demand and gave order in favour of the Company.



(All amounts in INR Lakhs unless otherwise stated)

(f) **Income Tax Demands:**

- Income tax demand comprise demand from the Indian tax authorities for payment of additional tax of INR 224 lakh (March 31, 2018: INR 227 lakh) upon completion of their tax review for the for the assessment years 2012-13, 2013-14, 2014-15 & 2015-16. The tax demands are mainly on account of disallowance of a portion of the tax holiday claimed by the Company under the Income tax Act. The matter are pending before the Commissioner of Income tax (Appeals).
- Demand for assessment year 2010-11 is disputed by the Company and the Company had preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Company in the financial year 2016-17 and consequently the demand has been reduced to INR 5.5 Lakhs from INR 97.2 Lakhs. Now the Appeal is pending with Income Tax Appellant Tribunal (ITAT). The Company had already deposited INR 20 Lakhs (March 31, 2018: INR 20 Lakhs) under protest.
- Demand for income tax aggregating to INR 116 Lakhs (March 31, 2018: INR 116 Lakhs) for the assessment year 2011-12 is disputed by the Company and the Company has preferred an appeal which is pending for hearing. The Company has deposited INR 10 Lakhs (March 31, 2018: INR 10 Lakhs) under protest.
- Demand for assessment year 2012-13 is disputed by the Company and the Company had preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Company in the financial year 2016-17 and consequently the demand has been reduced to INR 6.9 Lakhs from INR 73 Lakhs. Now the Appeal is pending with ITAT which is pending for hearing .
- Demand for assessment year 2013-14 is disputed by the Company and the Company had preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Company in the financial year 2017-18 and consequently the demand has been reduced to INR 4.4 Lakhs. Now the Appeal is pending with ITAT which is pending for hearing .
- Demand for income tax aggregating to INR 22 Lakhs (March 31, 2018: INR 22) for the assessment year 2014-15 is disputed by the Company and the Company has preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Company in the financial year 2018-19 and consequently the demand has been reduced to INR 5.7 Lakhs. Now the Appeal is pending with ITAT which is pending for hearing.
- Demand for income tax aggregating to INR 9.8 Lakhs (March 31, 2018: 9.8 Lakhs) for the assessment year 2015-16 is disputed by the Company and the Company has preferred an appeal which is pending for hearing before ITAT.
- Based on the provisions of various laws, the Group has been legally advised that the above demands are likely to be either deleted or substantially reduced and accordingly no provision has been made.

Demand where likelihood of liability is remote :-

- Demand for income tax aggregating to INR 2726 Lakhs (March 31, 2018: Nil) for the assessment year 2016-17 is on account of disallowance by the income tax authorities on adhoc basis of certain expenses claimed by the Company and deferred revenue offered for tax in subsequent year. The Company has filed an appeal before Commissioner of Income Tax (Appeals) which is pending for hearing. The company has also filed High-Pitched petition with the Principal CCIT (High Pitched Petition Committee). In view of this petition, the demand is not being pursued by Department.

The Company has favourable orders from Hon'ble High Court of Delhi against timing of taxation of deferred revenue in earlier years in its own case and also believes that the additions on account of disallowances of expenses on adhoc basis is not tenable.

The Company based on internal assessment supported by its legal counsel believes that the possibility of any liability devolving upon the Company against such demands upon final settlement, is remote and hence no provision has been recognized in these financial statements.

- (g) Legal cases not provided for INR 118 lakh (March 31, 2018: INR 29 lakh) as the Company has been legally advised that the outcome is likely to be in favour of the Company. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019 relating to provident fund matter. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies and accordingly, the impact, if any, is not ascertainable and consequently no effect has been given in the accounts.



(ii) Commitments

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Tangible assets	8	38

28. Details of leasing arrangements

The Group has entered into operating lease arrangements for certain facilities and office premises. Some of the leases are non-cancellable and may be renewed for a further period of six years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 15% every three years. Expected future commitments for non-cancellable leases are as follows:

	As at March 31, 2019	As at March 31, 2018
Future minimum lease payments:		
- not later than one year	858	636
- later than one year and not later than five years	2,163	1,726
Lease payments recognised in the Statement of profit and loss [Refer note 24]	8,033	7,727



29. Related party transactions

In the normal course of business, the Company enters into transactions with its parent company and other affiliated companies. The names of related parties of the Company as required to be disclosed under Ind AS 24 is as follows:

- (a) Details of related parties:
 Key Management Personnel (KMP) as defined under Ind AS
- Mukesh Luthra, Chairman
 Jayant Khosla, Managing Director w.e.f. 10th Jan 2019
 Sandeep Ahuja, Executive Director
 Narinder Kumar, Group CFO
 Natarajan MV (Director for VLCC Personal Care Ltd, appointed w.e.f. March 16, 2017)
- Vandana Luthra, wife of Mukesh Luthra
- Relative of Key Management Personnel

Details of related party transactions during the year ended March 31, 2019 and outstanding balance as at March 31, 2019:

	Year ended March 31, 2019	Year ended March 31, 2018
A. Expenses		
Professional Fees	351	325
- Vandana Luthra		
B. Balance outstanding at the end of the year-	at March 31, 2019	at March 31, 2018
Trade payables	32	29
- Vandana Luthra		

IV) Compensation of Key management personnel of the Group

	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits	591	478
Termination benefits	15	14
Total compensation paid to key management personnel	606	492

Post-employment gratuity benefits are incurred at company level and hence not provided here. also refer note 34 for employee share based payments.

30. Expenditure on Corporate Social Responsibility

Section 135(5) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, requires that the board of directors of every eligible company, shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The details of CSR expenditure is as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the Group during the year	9	36
(b) Amount spent during the year on :	23	16
- Donation To Khushi Foundation	-	3
- Donation to Sri Sai Leela Trust	-	1
- Amar Jyoti charitable trust	-	1
- Others	23	21



(All amounts in INR Lakhs unless otherwise stated)

31. Business Combinations

On June 19, 2017 VLCC Personal Care Limited, a subsidiary of the Company acquired 77.69% stake in Vanitycube Mobile Spa And Salon Private Limited ('Vanity') a private Limited company incorporated in India engaged in on-demand beauty treatments.

Acquisition of 77.69% stake in Vanity is by way of acquisition of 12.5% in equity capital and remaining by way of subscription of Compulsorily Convertible Preference shares (CCPS) of face value Rs 10 each at INR 180 Lacs.

The Group has elected to measure the non-controlling interest at proportionate share its net assets.

The details of purchase consideration, fair value of net assets acquired, measurement of NCI and goodwill for the year ended 31st March 2018 are as follows:

	INR Lakhs
A Fair value of purchase consideration transferred	
Equity investments purchased from shareholders	115
CCPS invested in company on June 2017	180
Amount invested at acquisition (A)	295
B Fair value of assets acquired and liabilities assumed	
Assets acquired	5
Property, plant and equipment	9
Intangible assets	0
Trade receivables	278
Cash and cash equivalents	0
Other current assets	292
Total assets acquired	292
Liabilities assumed	5
Trade payables	3
Other financial liabilities	5
Other Current Liabilities	13
Net assets acquired	279
C Non-controlling interest measured at proportionate share of net assets	62
D Goodwill on acquisition	79



32. Gratuity and other post-employment benefit plans

a) Defined contribution plans

The Group makes contribution towards employees' provident fund, and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to these defined contribution schemes. The Company has recognized during the year as expense towards contribution to these plans as below:

	year ended March 31, 2019	year ended March 31, 2018
Provident fund	642	557
Employees' state insurance scheme	185	167
Total	827	724

b) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

This is a funded benefit plan for qualifying employees. The Company makes contributions to the VLCC Health Care Limited Employees Group Gratuity Scheme ("Gratuity Trust"). Policies are taken by the Gratuity Trust created by Company to cover the liability of the Company. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

	March 31, 2019		March 31, 2018		March 31, 2018	
	Within India	Outside India	Within India	Outside India	Within India	Outside India
	Funded	Non Funded	Funded	Non Funded	Non Funded	Non Funded
Change in benefit obligation						
Present value of obligation as at the beginning of the year	545	105	465	460	74	462
Add: Current service cost	96	33	106	81	32	84
Add: Past service cost	-	0	-	24	2	-
Add: Interest cost	41	8	34	34	5	33
Add: Actuarial (gain) / loss	67	(6)	147	24	3	186
Less: Benefits paid	(82)	(9)	(245)	(79)	(12)	(275)
Disposal of Subsidiary	-	-	-	-	-	(26)
Currency Translation Reserve	-	-	29	-	-	2
Present value of obligation as at the end of the year	667	130	538	545	105	465
Change in plan assets						
Plan assets at the beginning of the year	107	-	-	154	-	-
Add: Expected return on plan assets	8	-	-	13	-	-
Add: Contribution by the Company	50	-	-	25	-	-
Less: Benefits paid	(82)	-	-	(79)	-	-
Add: Actuarial gain / (loss)	(3)	-	-	(7)	-	-
Plan assets at the end of the year	80	-	-	107	-	-
Present value of obligation	667	130	538	545	105	465
Less: Fair value of plan assets	(80)	-	-	(107)	-	-
Net assets/(liability)	587	130	538	439	105	465
Liability/ (Asset) recognized in the financial statements						
Current	92	19	130	70	13	77
Non-current	495	111	408	368	92	388



The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet:

	March 31, 2019			March 31, 2018		March 31, 2018
	Within India	Within India	Outside India	Within India	Within India	Outside India
	Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
Net defined benefit cost/(Income) included in Statement of profit & loss at period end	96	33	106	81	32	84
Add: Current service cost	-	0	-	24	2	-
Add: Past service cost	33	7	34	21	5	33
Add: Interest cost	129	40	141	126	39	117
Net cost						

Re-measurement gains/(losses) on defined benefit plans recognised in Other Comprehensive Income

	March 31, 2019			March 31, 2018		March 31, 2018
	Within India	Within India	Outside India	Within India	Within India	Outside India
	Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
Effect of change in financial assumptions	10	0	10	-	-	-
Effect of experience adjustments	57	(6)	137	24	3	186
Return on plan assets (excluding Interest)	3	-	-	7	-	-
Total remeasurements recognised in OCI (gain)/loss	70	(6)	147	31	3	186

Economic assumptions

Discount rate
Rate of increase in compensation levels
Expected rate of return on plan assets

	March 31, 2019	March 31, 2018
Discount rate	7.19%	7.47%
Rate of increase in compensation levels	4% to 5%	4% to 5%
Expected rate of return on plan assets	8.5%	8.5%

Demographic assumptions

Retirement age (years)
Mortality rate
Employee turnover / attrition rate - all Ages
Composition of the plan assets is as follows:
Bond fund

	March 31, 2019	March 31, 2018
Retirement age (years)	60 years	60 years
Mortality rate	IALM [2006 — 2008]LM	IALM [2006 — 2008]
Employee turnover / attrition rate - all Ages	15%	15%
Composition of the plan assets is as follows: Bond fund	100%	100%

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

	March 31, 2019			March 31, 2018		March 31, 2018
	Within India	Within India	Outside India	Within India	Within India	Outside India
	Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
Defined Benefit Obligation — Discount Rate +1%	(36)	(8)	(36)	(30)	(6)	(76)
Defined Benefit Obligation — Discount Rate -1%	40	9	41	33	6	88
Defined Benefit Obligation — Salary Escalation Rate +1%	40	9	42	33	6	90
Defined Benefit Obligation — Salary Escalation Rate -1%	(37)	(8)	(38)	(31)	(6)	(76)

The expected benefit payments in future years is as follows:

	March 31, 2019			March 31, 2018		March 31, 2018
	Within India	Within India	Outside India	Within India	Within India	Outside India
	Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
Next 1 Year	106	20	128	87	13	78
Next 2-5 Years	591	68	404	498	58	292
Next 5-10 Years	1,294	116	427	1,233	116	371

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 5.29 years (March 31, 2018: 5.31 years).



33. Segment Reporting

The Group's operations predominantly relates to providing beauty and slimming services, sale of related products through wellness centres and vocational trainings at institutes for imparting educational trainings relating to beauty, slimming and fitness. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision maker (CODM) evaluates the Group's performance and allocates resources based on analysis of various performance indicators pertaining to following three reportable segments:

- (i) Slimming & beauty services wherein the Group has the business of maintaining and running beauty, slimming, fitness and health centres at various locations;
- (ii) Educational vocational training at various institutes for imparting education relating to beauty and nutrition.
- (iii) Product Business where Group has the business of selling its own manufactured products and other products procured from outside.

No operating segments have been aggregated to form the above reportable operating segments.

Segment revenue and results

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Segment assets and liabilities

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to segments.

Reportable Segments	Slimming & Beauty Services	Educational Institutions	Product Sale	Others	Total March 31, 2019	Slimming & Beauty Services	Educational Institutions	Product Sale	Others	Total March 31, 2018 *
Revenue					85,244	51,780	5,173	26,536	-	83,489
Sales	54,246	6,711	24,287	-	76					64
Other income					85,320	51,780	5,173	26,536	-	83,553
Total Revenue	54,246	6,711	24,287	-						
Result					(1,047)	(2,091)	521	(488)	(0)	(2,058)
Segment result -Profit/(loss)	(170)	972	(1,837)	(14)	(1,047)					(2,058)
Operating Profit/(Loss)										
Interest & finance charges					(2,916)					64
Other income					76					110
Finance income					172					(71)
Exceptional items					(381)					138
Tax expenses					(324)					404
Minority interest					401					(4,409)
Net profit after tax					(4,019)					

Other Information

Reportable Segments	Slimming & Beauty Services	Educational Institutions	Product Sale	Others	Total March 31, 2019	Slimming & Beauty Services	Educational Institutions	Product Sale	Others	Total March 31, 2018
Segment assets	32,968	1,588	17,691	467	52,714	34,619	1,831	20,826	451	57,727
Unallocated assets					4,562					4,717
Total Assets					57,276					62,444
Segment liabilities	24,142	2,287	6,683	21	33,133	23,477	1,637	5,801	20	30,935
Unallocated liabilities					15,820					18,646
Total Liabilities					48,953					49,581
Capital expenditure (including capital advances and capital work in progress)					4,354					5,382
Depreciation										
On fixed assets					6,279					6,039

The amount of revenue from external customers broken down by location of the customers is shown in the table below:

	March 31, 2019	March 31, 2018
India	55,947	55,496
Middle East	23,139	21,053
Asia	5,793	6,688
Rest of the world	365	252
Total Revenue	85,244	83,489

* Refer note 2.4



34. Disclosures on Employee share based payments

Employee Stock Option Scheme

In a general meeting held on June 26, 2007, the shareholders of the company through a special resolution approved an employee stock option plan which provides for grant of Stock Options to eligible employees of the Company and its subsidiaries to acquire equity shares of the Company. The options are to be converted into one equity share at a predetermined price determined at the time of the grant. The options granted vest in a graded manner and are to be exercised within a period of 6 years from the date of vesting. Under the approved plan, the company has issued 941,706 shares in tranches to the VLCC Employee Welfare Trust at fair market value determined on various date of issue and the trust is holding the shares on behalf of employees till the period the granted options are exercised by the employees in accordance with the plan. Out of these, 450,193 Options have been exercised by 12 employees on 4.05.2015.

The ESOP plan 2007 was replaced/substituted with the approval of shareholders at general meeting held on January 12, 2016, with a new plan called "VLCC Employee Stock Option Plan 2015" and all the outstanding and not granted, lapsed options lying under the present VLCC Employee Stock Option Plan 2007 as on December 11, 2015 had been transferred to the new Plan and accordingly existing ESOP Plan 2007 stands cancelled and be absorbed in VLCC ESOP Plan 2015. The Plan got modified by Shareholders vide its meeting on 10th Jan 2019 with respect to options to be granted to Managing Director. The Company granted 376,680 options to Managing director on 10 Jan 19 which will be vested after 3 years from grant date subject to achievement of certain profitability as approved by compensation committee.

Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year ended March 31, 2019		During the year ended March 31, 2018	
	Options (Numbers)	Weighted average exercise price per option INR	Options (Numbers)	Weighted average exercise price per option INR
Option outstanding at the beginning of the year	89,571	81	124,204	82
Granted during the year:	376,680	183	-	-
Vested during the year:	-	-	-	-
Exercised during the year:	-	-	-	-
Lapsed/Forfeited during the year:	21,571	47	34,633	87
Options outstanding at the end of the year:	444,680	169	89,571	81
Options available for grant:	46,833		401,942	

The weighted average contractual life for the share options outstanding as at March 31, 2019 was 6 years (March 31, 2018: 4 years).
The weighted average fair value of the options granted during the year was INR 183 (March 31, 2018: Nil).

The range of exercise price for the options outstanding at the end of the year was INR 56 - Rs 192 (March 31, 2018: INR 56 - INR 192).

The following tables list the inputs to the models used for the years ended March 31,2019 and March 31, 2018 respectively:

	31-Mar-19	31-Mar-18
Dividend yield (%)	0%	NA
Expected volatility (%)	50%	NA
Risk-free interest rate (%)	7.48%	NA
Expected life of share options (years)	6 years	NA
Weighted average share price (INR)	115.23	NA
Model used	Black Scholes	NA



35. Financial instruments - Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade payables, borrowings, interest accrued, employee related payables and capital creditors. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets includes security deposits, trade receivables and cash and cash equivalents.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior level management oversees the management of these risks and is supported by team handling treasury function that advises on the appropriate financial risk governance framework.

A. **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017. Sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

i) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Group does not have any fixed rate borrowings as at year end. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.50 % increase or decrease in the interest rate, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
March 31, 2019		
INR Borrowings	+50	(82)
INR Borrowings	-50	82
March 31, 2018		
INR Borrowings	+50	(92)
INR Borrowings	-50	92

ii) **Foreign currency risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Singapore Dollar and Euro against the functional currencies of respective entities.

The Group does not hedge any foreign currency exposure as the amount involved is non material as of now. The carrying amounts of the Group's financial assets and liabilities denominated in different currencies are as follows:

As at	31-Mar-19		31-Mar-18	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollar (USD)	24	343	56	665
Singapore Dollar (SGD)	3	0	4	-
EURO	1	-	-	-
Others	1	1	1	1
Total	29	344	61	666



The following tables demonstrate the sensitivity to a reasonably possible change in USD, SGD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax
March 31, 2019		
US Dollars	+5%	16
	-5%	(16)
Euro	+5%	(0)
	-5%	0
SGD	+5%	(0)
	-5%	0
March 31, 2018		
US Dollars	+5%	30
	-5%	(30)
Euro	+5%	-
	-5%	-
SGD	+5%	(0)
	-5%	0

B. Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure. Significant revenue is collected by the Group in advance before rendering the services to the retail customers.

The customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored.

Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

The ageing analysis of trade receivables (net) as of the reporting date is as follows:

	Less than 6 months	More than 6 months	Total
Trade Receivables as of March 31, 2018	6,917	151	7,068
Trade Receivables as of March 31, 2019	4,132	942	5,074

The carrying amount of trade receivables represents the maximum credit exposure.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost. The table below provides the details regarding contractual maturities

	As at March 31, 2019	As at March 31, 2018
Less than 1 year		
- Borrowings	5,582	5,580
- Trade payables	20,470	19,531
- Other financial liabilities	4,037	5,421
Total	30,089	30,532
More than 1 year		
- Borrowings	6,822	8,751
- Other financial liabilities	197	121
Total	7,019	8,872



36. Capital Management

The Group's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business. The management monitors the return on capital and profitability.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The primary objective of the Group's capital management is to maximise the shareholder value.

Group monitors capital using gearing ratio which is calculated as underlying net debt divided by total equity plus underlying net debt. The Group's policy is to keep the gearing ratio below 60%. The Group measures underlying net debt as total liabilities, comprising interest bearing loans and borrowings, excluding any dues to subsidiaries or Group company less cash and cash equivalents. For the purpose of Capital management, total capital includes issued equity capital, share premium and all other reserves attributable to the equity holders of the Group.

Group's adjusted net debt to equity ratio at March 31, 2018 is as follows:

Gearing ratio

	<u>As at March 31,</u> <u>2019</u>	<u>As at March 31,</u> <u>2018</u>
Borrowings (Refer to note 11(a))	15,820	18,646
Less: cash and cash equivalents (Refer to note 7(d))	(4,227)	(3,681)
Net debt	11,593	14,965
Total Equity	8,323	12,865
Total Equity	8,323	12,865
Total Equity and net debt	19,916	27,830
Gearing ratio (Net Debt/ Total Equity)	58%	54%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

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37. Fair values

The management has assessed the fair value of all the financial assets and liabilities including cash and cash equivalents, trade receivable, security deposits, other financial assets, investments, trade payables and other financial liabilities, approximate their carrying amounts which is at amortised cost. The carrying amounts of other items carried at amortised cost are reasonable approximation of their fair values.

Accordingly, the Company does not have any financial instruments to be classified under three levels of fair value measurement hierarchy in accordance with Ind AS 113.

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
LIABILITIES						
<u>Non-current liabilities</u>						
Financial liabilities	-	-	6,822	-	-	8,751
- Borrowings	-	-	-	-	-	-
<u>Current assets</u>						
Financial liabilities	-	-	5,582	-	-	5,580
- Borrowings	-	-	-	-	-	-

Long term borrowings includes INR term loan from the bank which are contracted at floating rates of interest, reset at short intervals. Accordingly, the carrying value of such long term borrowings approximate their fair value



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38. Group Information
 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

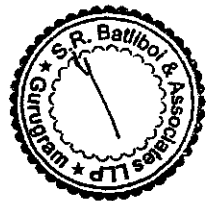
Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	
(i) Parent											
VLCC Health Care Limited	India	Operating beauty & slimming center and education institutes	100	72%	5,987	21%	(862)	49%	(70)	22%	(932)
March 31, 2019			100	54%	6,923	38%	(1,669)	18%	(31)	37%	(1,700)
March 31, 2018											
(ii) Subsidiaries											
India											
1 VLCC Personal Care Ltd.	India	Manufacturing and trading of personal care	100	124%	10,305	47%	(1,898)	0%	0	46%	(1,897)
March 31, 2019			100	95%	12,200	16%	(713)	1%	(2)	16%	(715)
March 31, 2018											
2 VLCC Wellness Research Centre P Ltd	India	Investment and general trading	100	5%	446	0%	14	0%	-	0%	14
March 31, 2019			100	3%	431	0%	18	0%	-	0%	18
March 31, 2018											
3 VLCC Online Services P Ltd	India	Trading of neuroceuticals products	76	1%	72	0%	(1)	0%	-	0%	(1)
March 31, 2019			100	0%	53	1%	(65)	0%	-	1%	(65)
March 31, 2018											
4 Vanitycube Mobile Spa And Salon P Ltd	India	Beauty Services at home	77.69	-2%	(185)	7%	(268)	-4%	5	6%	(263)
March 31, 2019			77.69	-1%	(130)	8%	(349)	0%	-	8%	(349)
March 31, 2018											
Foreign Subsidiaries											
1 VLCC International Inc.	(a) British Virgin Islands	General Commercial Company	100	132%	10,986	1%	(58)	0%	-	1%	(58)
March 31, 2019			100	84%	10,782	-4%	188	0%	-	-4%	188
March 31, 2018											



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38. Group Information

Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	
2 VLCC International LLC [subsidiary of (a)] March 31, 2019 March 31, 2018	UAE	Operating beauty, slimming, fitness and health centres	100* 100*	59% 27%	4,927 3,505	-30% -5%	1,208 208	44% 34%	(63) (59)	-28% -3%	1,145 149
3 VLCC Middle East LLC [subsidiary of (a)] March 31, 2019 March 31, 2018	UAE	Trading of personal care products	100* 100*	-48% -27%	(4,022) (3,507)	7% 7%	(294) (304)	-1% 1%	2 (1)	7% 7%	(292) (305)
4 VLCC International Limited Liability Company [subsidiary of (a)] March 31, 2019 March 31, 2018	Sultanate of Oman	Operating beauty, slimming, fitness and health centres	100** 100**	1% 1%	104 102	0% 4%	16 (167)	14% 1%	(21) (2)	0% 4%	(4) (169)
5 VLCC International Bahrain WLL [subsidiary of (a)] March 31, 2019 March 31, 2018	Bahrain	Operating beauty, slimming, fitness and health centres	100*	0%	-	-	125	0%	-	-	125
6 VLCC Europe Limited [subsidiary of (a)] March 31, 2019 March 31, 2018	England and Wales	General Commercial Company	100 100	0% 0%	0 0	0% 0%	- -	0% 0%	- -	0% 0%	- -
7 VLCC International Qatar Co W.L.L. [subsidiary of (a)] March 31, 2019 March 31, 2018	Qatar	Operating beauty, slimming, fitness and health centres	100* 100*	-5% -3%	(438) (390)	-1% 1%	33 (24)	48% 64%	(68) (111)	1% 3%	(34) (135)
8 VLCC Healthcare [subsidiary of (a)] March 31, 2019 March 31, 2018	Egypt LLC	Operating beauty, slimming, fitness and health centres	100 100	0% 0%	2 6	0% 0%	- -	0% 0%	- -	0% 0%	- -
9 Wyann International [subsidiary of (a)] March 31, 2019 March 31, 2018	SDN BHD Malaysia	Operating beauty, slimming, fitness and health centres	76 76	-4% 5%	(326) 704	28% 17%	(1,142) (746)	0% 0%	- -	27% 16%	(1,142) (746)



VLCC Health Care Limited
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(All amounts in INR Lakhs unless otherwise stated)

38. Group Information
Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	Net assets, i.e., total assets minus total consolidated net assets		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	
10 VLCC Wellness (East Africa) Limited [subsidiary of (a)] March 31, 2019 March 31, 2018	Kenya	Operating beauty, slimming, fitness and health centres	70 70	3% 2%	287 238	1% 1%	(53) (60)	-1% 0%	1 (0)	1% 1%	(52) (60)
11 VLCC International Kuwait Health Care Institute Limited Liability Company [subsidiary of (a)] March 31, 2019 March 31, 2018	Kuwait	Operating beauty, slimming, fitness and health centres	100* 100*	-39% -19%	(3,277) (2,469)	17% 17%	(664) (737)	0% 7%	0 (13)	16% 16%	(664) (750)
12 VLCC Overseas Limited [subsidiary of (b)] (a) March 31, 2019 March 31, 2018	UAE	Investment and general trading	100 100	0% 0%	2 (36)	-2% 1%	72 (56)	0% 0%	- -	-2% 1%	72 (56)
13 VLCC Health Care (Bangladesh) Pvt Ltd [subsidiary of (b)] March 31, 2019 March 31, 2018	Bangladesh	Operating beauty, slimming, fitness and health centres	100 100	11% 6%	887 762	-4% -1%	176 46	0% 0%	- -	-4% -1%	176 46
14 VLCC Personal Care (Bangladesh) Pvt Ltd [subsidiary of (b)] March 31, 2019 March 31, 2018	Bangladesh	Trading of personal care products	100 100	-4% -1%	(324) (135)	2% 2%	(66) (104)	0% 0%	- -	2% 2%	(66) (104)
15 VLCC Healthcare Lanka (Pvt) Ltd [subsidiary of (b)] March 31, 2019 March 31, 2018	Sri Lanka	Operating beauty, slimming, fitness and health centres	100 100	0% 1%	(15) 170	1% 2%	(37) (77)	0% 0%	1 (0)	1% 2%	(37) (77)
16 VLCC Education Lanka (Pvt) Ltd [subsidiary of (b)] March 31, 2019 March 31, 2018	Sri Lanka	Vocational Beauty Courses	100 100	0% 0%	- (0)	0% 0%	0 0	0% 0%	- -	0% 0%	0 0
17 VLCC Singapore Pte Ltd [subsidiary of (c)] (a) March 31, 2019 March 31, 2018	Singapore	General Commercial Company	100 100	36% 22%	3,029 2,849	0% -3%	7 123	0% 0%	- -	0% -3%	7 123



VLCC Health Care Limited
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Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	
18 Global Vantage Innovative Group Pte Ltd (Group) [subsidiary of March 31, 2019 March 31, 2018	(d) Singapore	Investment and holding company	85 85	21% 14%	1,778 1,739	0% 0%	(6) (2)	0% 0%	-	0% 0%	(6) (2)
19 Celblos Dermal Research Centre Pte Ltd [subsidiary of (d)] March 31, 2019 March 31, 2018	Singapore	Manufacturing and trading of personal care products	85 85	-3% 0%	(277) 57	8% 2%	(331) (70)	0% 0%	-	8% 2%	(331) (70)
20 Excel Beauty Solution SDN BHD [subsidiary of (d)] March 31, 2019 March 31, 2018	Malaysia	Trading of personal care products	85 85	0% 0%	(14) (38)	0% 1%	(1) (34)	0% 0%	-	0% 1%	(1) (34)
21 Bellewave Cosmetics Pte Ltd [subsidiary of (d)] March 31, 2019 March 31, 2018	Singapore	Trading of personal care products	85 85	26% 16%	2,178 2,006	-3% -2%	119 68	0% 0%	-	-3% -1%	119 68
22 VLCC Holding (Thailand) Co.Ltd [subsidiary of (c)] March 31, 2019 March 31, 2018	(e) Thailand	Investment and holding company	49.90 *** 49.90 ***	0% 0%	(4) (1)	0% 0%	(3) (3)	0% 0%	-	0% 0%	(3) (3)
23 VLCC Wellness (Thailand) Co.Ltd [subsidiary of (e)] March 31, 2019 March 31, 2018	(e) Thailand	Selling and distribution of personal care products	75 75	0% 0%	(23) (24)	0% 0%	6 (8)	0% 0%	-	0% 0%	6 (8)



VLCC Health Care Limited
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Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	Amount
(iii) Controlled Trust VLCC Employee Welfare Trust	India	Employee welfare Trust		0%	(33)	0%	(0)	0%	-	0%	(0)
March 31, 2019				0%	(33)	0%	(0)	0%	-	0%	(0)
March 31, 2018											
(iv) Intercompany elimination/ Adjustment on consolidation					(23,731)		8		69		77
March 31, 2019					(22,902)		2		47		49
March 31, 2018											
Total Amount				100%	8,321	100%	(4,019)	100%	(142)	100%	(4,159)
March 31, 2019				100%	12,863	100%	(4,408)	100%	(172)	100%	(4,581)
March 31, 2018											

- * Out of this, 49% is held directly by VLCC International Inc. and for the balance 51% shareholding, the Company has entered into an agreement with the other shareholders whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly, VLCC International Inc. has 100% economic interest in these companies.
- ** Out of this, 70% is held directly by VLCC International Inc. and for the balance 30% shareholding, the Company has entered into an agreement with the other shareholder whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly, VLCC International Inc. has 100% economic interest in this company.
- *** VLCC Singapore Pte Ltd holds 49.90% of the voting rights in VLCC Holding (Thailand) Co.Ltd while other shareholder holds all the Class A preference shares in VLCC Holding (Thailand) Co.Ltd. VLCC Singapore Pte Ltd also controls the affairs and the board of directors of VLCC Holding (Thailand) Co.Ltd. The chairman is appointed by VLCC Singapore Pte Ltd and all significant rights in respect of dividend is enjoyed by VLCC Singapore Pte Ltd. Accordingly, VLCC Singapore Pte Ltd is considered to be the holding company of VLCC Holding (Thailand) Co.Ltd.

As per our report of even date
Chartered Accountants
CAI Firm Registration Number: 101049W/E300004

(Signature)
Yogender Sethi
Partner
Membership No. : 94524

of VLCC Health Care Limited

(Signature)
Jayant Khosla
Managing Director
DIN No. 08321843

(Signature)
Sandeep Bhatia
Director
DIN No. 00043118

(Signature)
Narinder Kumar
Group Chief Financial Officer and Company Secretary



Place: Gurgaon
Date: 16th September, 2019

