VLCC International (L.L.C.)

Financial Statements
For the year ended March 31, 2020

VLCC International (L.L.C.)
Financial Statements

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VLCC INTERNATIONAL LLC

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

Manager's report

Dear Shareholders,

The Manager of your company is pleased to present the report and the audited financial statements of the Company for the year ended 31 March 2020.

Business Overview

During financial year ending March 2020, our business achieved the revenue of AED 48.48 million (Previous Year AED 63.64 million), a decline of 24%. Since the Company has optimized its expenses has been resulted in increase in EBITDA margin from AED 29% to 37%.

The financial results for the year are:

(Amt in AED Million)

Financial Year (March ending)	19-20	18-19
Revenue	48.48	63.64
Less: Operating Expenses	24.24	29.16
Operating Profit	**24.25**	**34.48**
	50%	54%
Marketing, Advt. & Launch Expenses	2.42	3.60
Administrative Expenses	3.96	12.31
EBITDA	**17.34**	**18.57**
	37%	29%
Depreciation	12.57	9.18
Finance costs	3.85	3.01
Profit for the year	**1.45**	**6.38**

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

Auditors

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

Acknowledgement

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

For and on behalf of
VLCC International LLC

Sandeep Ahuja
Director
December 06, 2020, Dubai, United Arab Emirate

P.O. Box: 122207
DUBAI - U.A.E.
VLCC INTERNATIONAL (L.L.C.)

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

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of VLCC International (L.L.C.) (the "Company"), which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended March 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly in all material respects, the financial position of the Company as at March, 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 and Memorandum of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

To the Shareholders of VLCC International (L.L.C.) (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

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

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

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

iii) The Company has maintained proper books of account;

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

v) The Company has not purchased or invested in any shares during the financial year ended March 31, 2020;

vi) Note 7 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

vii) Based on the information that has been made available to us, the Company has not made any social contributions during the financial year ended March 31, 2020; and

viii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum of Association which would materially affect its activities or its financial position as at March 31, 2020.

Grant Thornton

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

GRANT THORNTON
Farouk Mohammad
Registration No. 86
Dubai, December 6, 2020

VLCC International (L.L.C.)
Financial Statements

Statement of financial position
As at March 31, 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current			
Property and equipment	5	62,624,949	48,960,501
Current			
Inventories	6	2,164,170	2,496,202
Other receivables	8	6,403,036	5,746,991
Amount due from a related party	7	8,266,925	7,475,174
Cash and bank balances	9	53,284	388,478
		16,887,415	16,106,845
TOTAL ASSETS		79,512,364	65,067,346
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	300,000	300,000
Legal reserve	11	150,000	150,000
Actuarial loss		(737,271)	(678,621)
Additional capital contributed		2,800,000	-
Retained earnings		29,236,133	27,845,719
Total equity		31,748,862	27,617,098
LIABILITIES			
Non-current liabilities			
Long term portion of lease liability		10,304,259	-
Employees' end of service benefits	12.1	950,159	1,060,984
Accumulated compensated absences	12.2	721,301	785,409
Bank borrowings (non-current)	13	8,453,758	9,794,236
		20,429,948	11,640,629
Current liabilities			
Current portion of lease liability		5,676,483	-
Bank borrowings (current)	13	9,894,904	9,753,490
Trade and other payables	14	9,115,323	12,508,044
Amount due to a related party	7	-	151,200
Contract liability		2,647,315	3,396,885
		27,334,025	25,809,619
Total liabilities		47,763,973	37,450,248
TOTAL EQUITY AND LIABILITIES		79,512,364	65,067,346

VLCC INTERNATIONAL (L.L.C.) P.O. Box: 122207 DUBAI - U.A.E.

Sandeep Ahuja
Director
Dubai, United Arab Emirates

The accompanying notes 1 to 19 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2020

	Notes	2020 AED	2019 AED
Revenue	15	**48,481,533**	63,649,582
Consumables		**(4,026,663)**	(4,700,055)
Staff salaries and benefits		**(20,208,909)**	(24,465,758)
Advertisement and business promotion		**(2,415,739)**	(3,603,602)
Administrative and general expenses	16	**(3,969,748)**	12,325,569)
Depreciation	5	**(12,573,474)**	(9,178,249)
Finance costs		**(3,850,220)**	(3,001,015)
Other income		**12,284**	-
Net profit for the year		**1,449,064**	6,375,334
Other comprehensive (loss)/income that will not be re-classified subsequently to income statement		**(58,650)**	(345,006)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,390,414**	6,030,328

The accompanying notes 1 to 19 form an integral part of these financial statements.

Statement of changes in equity
For the year ended March 31, 2020

	Share capital AED	Additional contributed capital	Legal reserve AED	Actuarial loss AED	Retained earnings AED	Total equity AED
Balance at April 1, 2018	300,000	-	150,000	(333,615)	21,470,385	21,586,770
Net profit for the year					6,375,334	6,375,334
Other comprehensive loss	-	-	-	(345,006)	-	(345,006)
	-	-	-	(345,006)	6,375,334	6,030,328
Balance at March 31, 2019	300,000		150,000	(678,621)	27,845,719	27,617,098
Net profit for the year	-	-	-	-	1,390,414	1,390,414
Other comprehensive loss	-	-	-	(58,650)	-	(58,650)
Total comprehensive income for the year	-	-	-	(58,650)	1,390,414	1,331,764
Other equity movements						
Funds introduced during the year	-	2,800,000	-	-	-	2,800,000
Balance as at March 31, 2020	**300,000**	**2,800,000**	**150,000**	**(737,271)**	**29,236,133**	**31,748,862**

The accompanying notes 1 to 19 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2020

	Notes	2020 AED	2019 AED
OPERATING ACTIVITIES			
Net profit for the year		**1,449,064**	6,375,334
Adjustments			
Depreciation	5	**12,573,474**	9,178,249
Provision for employees' end of service benefits	12.1	**297,318**	433,247
Write back/provision for accumulating compensated absences	12.2	**(70,081)**	382,910
Finance costs		**3,850,220**	3,001,015
Operating cash flows before changes in working capital		**18,099,524**	19,370,755
Net changes in working capital:			
Inventories		**332,032**	(565,007)
Amount due from/(to) related parties, net		**(791,751)**	2,169,276
Other receivables		**(656,045)**	57,298
Deferred revenue		**(749,570)**	(1,923,497)
Trade and other payables		**(3,207,446)**	2,627,628
Employees' end of service benefits and accumulated compensated absences paid	11.1 & 11.2	**(746,942)**	(1,236,661)
Net cash from operating activities		**12,280,273**	20,499,792
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(5,305,048)**	(9,059,135)
Net cash used in investing activities		**(5,953,285)**	(9,059,135)
FINANCING ACTIVITIES			
Payment of lease liabilities		**(5,953,285)**	
Additional capital introduced		**2,800,000**	-
proceeds /repayment of bank borrowings - net		**141,414**	(8,878,621)
Finance cost paid		**(3,850,220)**	(3,001,015)
Net cash (used in)/ from financing activities		**(6,862,091)**	(11,879,636)
Net change in cash and cash equivalents		**113,134**	(438,979)
Cash and cash equivalents, beginning of year		**(2,339,604)**	(1,900,625)
Cash and cash equivalents, end of year	9	**(2,226,470)**	(2,339,604)

The notes from 1 to 19 form an integral part of these financial statements.

1 Legal status and operations

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

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

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

The Company did not purchase or invest in any shares during the year ended March 31, 2020. There have been no social contributions during the year.

The financial statements were approved and signed by management on December 8, 2020

2 Statement of compliance with IFRS

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

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach as of January 1, 2019 and therefore the comparative periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being January 1, 2019.

3 Standards, interpretations and amendments to existing standards (continued)

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019 (continued)

IFRS 16 'Leases' (continued)

At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 7%.

The impact arising from the implementation of this standard in these financial statements is as follows:

	2020 AED
Right of use asset	
Balance as at April 1, 2019	**20,932,874**
Depreciation charge for the year	**(5,773,967)**
Balance as at March 31, 2020	**15,158,907**
Lease liability	
Balance as at April 1, 2019	**20,932,874**
Interest on lease liability	**1,255,665**
Lease payments made during the year	**(6,207,797)**
Balance as at March 31, 2020	**15,980,742**
Lease liability is classified as follows:	
Long term portion of lease liability	**10,304,259**
Current portion of lease liability	**5,676,483**
	15,980,742
Amounts recognised in profit or loss and other comprehensive income	
General and administrative expenses	
Interest expense on lease liability	**1,255,665**
Depreciation of right to use assets	**5,773,967**

3 Standards, interpretations and amendments to existing standards (continued)

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019 (continued)

IFRS 16 'Leases' (continued)

	2020 AED
Amounts recognised in cashflow	
FINANCING ACTIVITIES	
Payment of finance lease liabilities	6,207,797

4 Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies have been applied consistently and these financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the following accounting policies:

4.2 Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention.

4.3 Foreign currency translation

Functional and presentation currency

These Separate financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4 Summary of significant accounting policies (continued)

4.4 Revenue recognition

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

Revenue from contracts with customers

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

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

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

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

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

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

The Company recognises revenue over time if any one of the following criteria is met:
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

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

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

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

4 Summary of significant accounting policies (continued)

4.4 Revenue recognition (continued)

Rendering of services and sale of goods
Revenue mainly arises from rendering of services and is recognised over a period of time, when the services are provided.

Sale of goods
Revenue arises mainly from the sale of beauty products and is recognised at a point in time.

4.5 Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include cost of replacing part of the property and equipment and borrowing cost for long-term construction projects if the recognition criteria are met. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

	Number of years
Leased premises – right of use asset	3-5
Leasehold improvements	9
Equipment	9
Computers	4
Furniture and fixtures	7
Motor vehicles	4

4 Summary of significant accounting policies (continued)

4.6 Inventories

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

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

4.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and with bank with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

4.8 Employee benefits

Short-term employee benefits

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

Compensated absences

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

Employees' end of service benefits

The Company operates an unfunded defined benefit plan for gratuity, covering all eligible employees, as specified in UAE Labour Law. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

4 Summary of significant accounting policies (continued)

Defined benefit plans

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

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

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

4.9 Operating expenses

Operating expenses are recognised in statement of Statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of transaction.

4.10 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on a qualifying asset is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

4.11 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

4 Summary of significant accounting policies (continued)

4.11 Financial instruments (continued)

Financial assets at amortised cost

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and,
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI or FVTPL.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and,

- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, due from related parties, and other receivables fall into this category of financial instruments.

Impairment of financial assets

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

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

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and,

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

4 Summary of significant accounting policies (continued)

4.11 Financial instruments (continued)

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Company's financial liabilities includes bank borrowings, trade and other payables, due to a related party, lease liability and contract liability.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4 Summary of significant accounting policies (continued)

4.12 Capital management policies and procedures

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes during the years ended March 31, 2020 and March 31, 2019. Capital comprises share capital, legal reserve, actuarial loss, and retained earnings and is measured at AED 31,748,850 as at March 31, 2020 (2019: AED 27,617,098).

4.13 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether billed by the supplier or not

4.14 Leases and right -of-use of assets

The Company has recorded right-of-use assets representing the right to use the underlying assets under property and equipment, net investments in lease representing the net present value of receivable from intermediate lease, and the corresponding lease liabilities to make lease payments under other liabilities.

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company; and

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

4 Summary of significant accounting policies (continued)

4.14 Leases and right -of-use of assets (continued)

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.0

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been disclosed separately on the face of the statement of financial position.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.15 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle
a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4 Summary of significant accounting policies (continued)

4.16 Borrowing costs

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

4.17 Value-Added Tax (VAT)

Revenue, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchase of goods or services (input VAT), the excess is recognized as a payable in the statement of financial position. When VAT passed on from purchase of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

4.18 Significant management judgements and estimates in applying accounting policies

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the resulting accounting estimates may differ from actual results.

The estimates and assumptions pose a risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial year The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. Significant area of estimate and judgement for the Company includes:

Judgments

Determining the lease term of contracts with renewal and termination options – Company *as lessee*
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

4 Summary of significant accounting policies (continued)

4.18 Significant management judgements and estimates in applying accounting policies

Estimates

Impairment losses on receivables
The Company's reviews its receivables and due from related party to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether an impairment loss should be recorded in the profit or loss, the Company's makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company's recognises loss allowance for ECLs on financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. ECL computation uses historical trends and a forward-looking element to compute percentage allowance to be recorded as impairment loss on trade receivables. Should any of these input estimates vary, the profit or loss and financial position of the following year(s) would be significantly impacted.

Impairment of inventories
Impairment of inventories reflects estimates of losses arising from the presence of slow-moving items in the inventories. The charge is based on management discretion after analysing the inventory movement. Changes to the estimated provision may be required if the item of inventory already provided for is sold.

Useful lives of depreciable assets
The Company's management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

Customer loyalty programmes
The Company grants credit points to its customers as part of a sales transaction and customer can redeem these points in the future for free or discounted goods and services. Validity of these points is one year from the purchase date. The management has calculated the historical redemption ratio based on the actual services utilised to date to the total points redeemed. On the basis of such historical redemption ratio the management estimates that liability will not materially impact the financial statements.

4 Summary of significant accounting policies (continued)

4.18 Significant management judgements and estimates in applying accounting policies

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

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

5 Property and equipment

2020	Leased premises AED	Leasehold improvements AED	Equipment AED	Computers AED	Furniture and fixtures AED	Motor vehicles AED	*Capital work in progress AED	Total AED
Cost								
Balance at April 1, 2019	-	116,751,373	20,920,456	1,641,517	3,993,524	2,286,215	-	145,593,085
Adjustment on transition to IFRS 16	20,932,874							20,932,874
Additions	-	2,034,932	1,890,848	71,880	6,000	-	1,301,388	5,305,048
Disposals/write-offs	-	(22,116,554)	(682,943)	(50,011)	(168,027)	-	-	(23,017,535)
Balance at March 31, 2020	20,932,874	96,669,751	22,128,361	1,663,386	3,831,497	2,286,215	1,301,388	148,813,472
Accumulated depreciation								
Balance as at April 1, 2019	-	79,813,635	10,028,243	1,398,460	3,442,282	1,949,964	-	96,632,584
Charge for the year	5,773,967	4,448,749	1,719,189	124,669	170,649	336,251	-	12,573,474
Disposals/write-offs	-	(22,116,554)	(682,943)	(50,011)	(168,027)	-	-	(23,017,535)
Balance at March 31, 2020	5,773,967	62,145,830	11,064,489	1,473,118	3,444,904	2,286,215	-	86,188,523
Net Carrying amount at March 31, 2020	**15,158,907**	**34,523,921**	**11,063,872**	**190,268**	**386,593**	-	**1,301,388**	**62,624,949**

Notes to the financial statements (continued)
For the year ended March 31, 2020

5 Property and equipment (continued)

2019	Leased premises	Leasehold improvements AED	Equipment AED	Computers AED	Furniture and fixtures AED	Motor vehicles AED	*Capital work in progress AED	Total AED
Cost	-						-	
At April 1, 2018	-	112,816,582	15,960,449	1,528,787	3,941,917	2,286,215	-	136,533,950
Additions during the year	-	3,934,791	4,960,007	112,730	51,607	-	-	9,059,135
At March 31, 2019	-	116,751,373	20,920,456	1,641,517	3,993,524	2,286,215	-	145,593,085
	-						-	
Accumulated depreciation								
At April 1, 2018	-	72,624,337	8,690,831	1,267,469	3,257,039	1,614,660	-	87,454,336
Charge for the year	-	7,189,298	1,337,412	130,991	185,243	335,304	-	9,178,248
At March 31, 2019	-	79,813,635	10,028,243	1,398,460	3,442,282	1,949,964	-	96,632,584
Net Carrying amount at March 31, 2019	-	**36,937,738**	**10,892,213**	**243,057**	**551,242**	**336,251**	-	**48,960,501**

6 Inventories

	2020 AED	2019 AED
Consumables	**1,806,300**	2,162,646
Goods held for sale	**357,870**	333,556
	2,164,170	2,496,202

7 Related parties transactions and balances

The Company enters into transactions with majority shareholders and other companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise associated companies, directors, majority shareholders, companies and entities jointly controlled or significantly influenced and under common ownership and/or common management control and key management personnel. Pricing policies and terms and conditions of these transactions are approved by the Company's management. At the reporting date, the following amounts were due from/to related parties:

7.1 Amounts due from a related party

	2020 AED	2019 AED
Parent company		
VLCC International Inc.	**8,266,925**	6,492,826
Entities under common control		
VLCC Overseas Limited	-	982,348
	8,266,925	7,475,174

7.2 Amount due to a related party

	2020 AED	2019 AED
Entities under common control		
VLCC Singapore PTE Ltd	-	151,200
	-	151,200

7.3 Transactions with related parties

	2020 AED	2019 AED
Entities under common control		
Purchases	**1,330,459**	**1,777,000**
Expenses incurred on behalf of related parties	**14,169,350**	**11,625,000**
Contributed capital	**2,800,000**	-

7 Related parties transactions and balances (continued)

7.4 Key management personnel compensation

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

	2020	2019
	AED	AED
Salaries and other benefits	1,329,500	1,605,000
End of service benefits	300,000	

8 Other receivables

	2020	2019
	AED	AED
Financial assets		
Security Deposits	1,850,048	1,880,928
Cash margin deposits	1,628,175	833,415
Other receivables	45,318	698,798
	3,523,541	3,413,141
Non-financial assets		
Prepayments	2,483,963	1,892,704
Advance to suppliers	347,782	368,363
Advances to staff	47,750	72,783
	2,879,495	2,333,850
	6,403,036	5,746,991

9 Cash and bank balances

	2020	2019
	AED	AED
Cash on hand	14,441	123,287
Cash at bank	38,843	265,191
	53,284	388,478

For the purpose of statement of cashflow, cash and cash equivalents comprise of:

	2020	2019
	AED	AED
Cash on hand	14,441	123,287
Cash at bank	38,843	265,191
Bank overdraft	(2,279,754)	(2,728,082)
Cash and cash equivalents	(2,226,470)	(2,339,604)

10 Share capital

	2020 AED	2019 AED
Authorised, issued and paid up capital		
300 shares of AED 1,000 each	**300,000**	300,000

11 Legal reserve

In accordance with the Articles of Association of the Company and Article 103 of the UAE Federal Law No. (2) of 2015, a minimum of 10% of the net profit of the Company is required to be transferred to legal reserve every year. Such transfers are required to be made until the balance on the legal reserve equals one half of the Company's paid-up share capital. No transfers were made during the year (2019: Nil) as the legal reserve already equals one half of the Company's paid-up share capital.

12 Long-term employee benefits payable

12.1 Employees' end of service benefits

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

Changes in present value of obligation

	2020 AED	2019 AED
Balance at April 1	**1,692,345**	1,727,467
Charge for the year	**355,968**	778,253
Payments during the year	**(746,942)**	(813,375)
Balance at March 31	**1,301,371**	1,692,345
Less: current portion	**(351,212)**	(631,361)
Non-current portion	**950,159**	1,060,984

Expense recognised in the Statement of Comprehensive income

Interest cost*	**121,680**	124,205
Current service cost*	**175,638**	309,042
Actuarial loss*	**58,650**	345,006
Actuarial loss through other comprehensive income	**355,968**	778,253

* Included under staff salaries and benefits.

Remeasurements- Actuarial loss

	2020 AED	2019 AED
Effect of change in assumptions	**66,880**	20,379
Effect of change in demographic assumption	**170**	-
Effect of experience adjustment	**(8,400)**	324,627
	58,650	345,006

12 Long-term employee benefits payable (continued)

12.2 Accumulated compensated absences

	2020 AED	2019 AED
Balance at April 1,	**967,173**	605,371
Charge for the year	**(70,081)**	361,802
Balance at March 31,	**897,092**	967,173
Less: current portion	**(175,791)**	(181,764)
Non-current portion	**721,301**	785,409

12.3 Key assumptions used by actuary

	2020 AED	2019 AED
Discount rate	**6.24% p.a.**	7.19% p.a.
Salary growth	**4.00% p.a.**	4.00% p.a.
Retirement age	**60 years**	60 years

12.4 Sensitivity analysis

	Employees' end of service benefits	Accumulated compensated absences
Discount rate + 100 basis points	**(70,402)**	(48,060)
Discount rate - 100 basis points	**77,767**	53,261
Salary growth + 100 basis points	**78,743**	53,930
Salary growth - 100 basis points	**(72,512)**	(49,500)

13 Borrowings

	2020 AED	2019 AED
Term loans	**13,851,512**	16,370,589
Motor vehicle loans	**225,216**	449,055
Working capital loans	**1,992,180**	-
Bank overdraft	**2,279,754**	2,728,082
	18,348,662	19,547,726
Non-current		
Term loans	**8,453,758**	9,571,841
Motor vehicle loans	**-**	222,395
	8,453,758	9,794,236
	18,348,662	19,547,726

13 Borrowings (continued)

	2020 AED	2019 AED
Current		
Term loans	**5,397,754**	6,798,748
Motor vehicle loans	**225,216**	226,660
Working capital loans	**1,992,180**	-
Bank overdraft	**2,279,754**	2,728,082
	9,894,904	9,753,490
	18,348,662	19,547,726

The bank borrowing except the vehicle loans carries interest at 1 month EIBOR + 4.75% (2019: 6 months LIBOR + 3.75%). Motor vehicle loans are secured against the vehicles purchased and carry an interest rate of 5-6%

The term loans and bank overdrafts are secured against the following:

i) Corporate guarantee of M/s VLCC International Inc, British Virgin Islands (the "Guarantor"), supported by Board Resolution (notarized and legalized)

ii) Corporate guarantee of M/S. VLCC Healthcare Limited, India (the "Guarantor"), supported by Board Resolution for AED 27,000,000 (notarized and leaglized)

iii) Corporate guarantee of M/S VLCC (Middle east) L.L.C, Dubai (the "Guarantor"), supported by Board Resolution.

These are also secured against the following covenants:

i) Minimum fixed charge cover rate (FCCR) to be maintained at 1:1 for the financial year 2019 and 1.25:1 from the financial year 2020 onwards.

ii) Leverage ratio for the Company not to exceed 2.25:1 for the financial year March 2019, 1.5:1 for the financial year March 2020 and 1:1 for the financial year Match 2021 onwards.

14 Trade and other payables

	2020 AED	2019 AED
Financial liabilities:		
Trade payables	**3,729,702**	3,313,856
Accrued expenses	**4,248,714**	5,852,021
Employees' end of service benefits	**351,209**	631,361
Accumulated compensated absences	**175,740**	181,764
	8,505,365	9,979,002
Non financial liabilities		
VAT payable	**474,597**	908,112
Other payables	**135,358**	1,620,930
	609,955	2,529,042
	9,115,320	12,508,044

15 Revenue

	2020	2019
	AED	AED
Rendering of services	**46,450,087**	61,531,361
Sale of products	**1,941,528**	2,118,221
Franchise fee	**89,918**	-
	48,481,533	63,649,582

	2020	2019
	AED	AED
Timing of revenue recognition		
Revenue recognised over time		
Rendering of services	**46,450,087**	61,531,361
Revenue recognised at a point in time		
Sale of products	**1,941,528**	2,118,221
Franchise fee	**89,918**	-

16 Administrative and general expenses

	2020	2019
	AED	AED
Housekeeping and laundry expenses	**1,364,360**	2,280,432
Water and electricity	**516,045**	508,328
Repairs and maintenance	**371,466**	607,595
Communication	**357,962**	390,678
Travelling, conveyance and vehicle maintenance	**230,736**	209,669
Legal and professional fees	**202,442**	61,665
Printing and stationery	**73,070**	117,932
Insurance	**50,815**	87,598
Rent and license fees	**31,375**	7,377,242
Others	**771,477**	684,430
	3,969,748	12,325,569

17 Financial instrument risk management objectives and policies

The Company's principal financial liabilities comprise of bank overdraft, bank borrowings , trade and other payables and contract liability. The Company's financial assets are cash and cash equivalents, other receivables and amount due from a related party.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company's senior management oversees the management of these risks.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate and currency risk.

These risks are evaluated by management on an ongoing basis to assess and manage critical exposures. The management reviews and agrees policies for managing each of these risks which are summarised below:

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below. The Company's overall financial risk management program seeks to minimize potential adverse effects to the financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas.

Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities primarily from principal financial assets, which includes, cash at banks, Other receivables and due from related parties

	Notes	2020 AED	2019 AED
Other receivables	8	**3,523,541**	3,413,141
Cash at banks	9	**39,421**	265,191
Amount due from a related party	7	**8,266,925**	7,475,174
		11,829,887	11,153,506

Due from related parties
Due from related parties is not considered to represent significant credit risk because amounts due from related parties are from the companies owned by the same ultimate shareholder and therefore do not carry any significant risks of default.

17 Financial instrument risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and other receivables. The Company's existing cash resources and other receivables (see Note 11) significantly exceed the current cash outflow requirements. Cash flows from 3other receivables are all contractually due within six months.

The Company's non-derivative financial liabilities have contractual maturities as summarized below:

	3 to 12 months AED	More than 12 months AED	Total AED
March 31, 2020			
Trade and other payables	**8,505,365**	**-**	**8,505,365**
Borrowings	**9,894,904**	**8,453,758**	**18,348,662**
Contract liability	**2,647,315**	**-**	**2,647,315**
Finance lease liabilities	**5,676,483**	**10,304,259**	**15,980,742**
	26,724,067	**18,758,017**	**45,482,084**
March 31, 2019			
Trade and other payables	9,979,002	-	9,979,002
Borrowings	9,753,490	9,794,236	19,547,726
Bank overdraft	2,728,082	-	2,728,082
Amount due to a related party	151,200	-	151,200
Contract liability	3,396,885	-	3,396,885
	26,008,659	9,794,236	35,802,895

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Company's transactions are carried out in AED. The Company does not have major exposure in currency other than AED and the United States Dollar (USD). The risk related to the transactions denominated in USD is low as the AED is pegged against USD, hence the risk from fluctuations in currency exchange rates is very minimal.

17 Financial instrument risk management objectives and policies (continued)

Interest rate risk

Interest rate sensitivity analysis

Interest rate risk is the risk that the future cash flows or value of a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk with respect to its borrowings. The Company's borrowings are based on fixed rate or combination of fixed and variable rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

The Company does not use any off balance sheet financial instrument to manage the interest rate risk.

As at the end of the year, the interest rate profile of the Company's financial liabilities are as follows:

Sources of the sensitivity analysis	**2020 AED**	2019 AED
Term loan (note 13)	**13,851,512**	16,370,589
Bank overdrafts (note 13)	**2,279,754**	2,728,082
	16,131,266	19,098,671

The table below illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of ±100 basis points (March 31, 2019: ±100 basis points).

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

	Profit for the year	
	AED	**AED**
	+100 bps	**-100 bps**
March 31, 2020	**(20,589)**	**20,589**
March 31, 2019	(60,303)	60,303

18 Fair value measurement

All the financial assets and liabilities of the Company are carried at amortised cost and none of the non-financial assets and liabilities have been fair valued. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed because it does not have significant disclosure impact to the financial statements.

19 Events after date events

Subsequent to the year end, there was an outbreak of a global pandemic (Novel Coronavirus disease), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. As at the date of approval of the financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results. As this is a non-adjusting event, management has not adjusted the financial statements for the year ended March 31, 2020.