

**INDEPENDENT AUDITOR'S REPORT**

To the Members of VLCC Personal Care Limited

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

We have audited the accompanying Ind AS financial statements of VLCC Personal Care Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the 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 Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Emphasis of matter**

We draw attention to Note 2.1 in the financial statements, which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Company's financial performance as assessed by the management. Our opinion is not modified in respect of this matter.

**Other Information**

The 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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 that fact. We have nothing to report in this regard.



## **Responsibility of Management and Those Charged with Governance for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company has adequate internal financial controls with reference to financial statements 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 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 27(i) to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Yogender Seth  
Partner  
Membership Number: 094524  
UDIN: 20094524AAAAFB2586  
Place of Signature: Gurugram  
Date: December 29, 2020



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 1 referred to in paragraph 1 of the section on "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: VLCC Personal Care Limited ("the Company")

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.  
  
(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- ii. The company as part of its policy performs physical verification of inventory at regular intervals including year end. In our opinion, the frequency of verification is reasonable. However, as disclosed in Note 10 in financial statements verification could not be performed as at March 31, 2020. The same has been performed subsequently and no material discrepancies were noticed on such verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the education service and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, sales tax, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.  
  
(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

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Name of the Statute	Nature of dues	Amount under dispute (Rs. )	Period for which the amount relates	Forum, where the dispute is pending
Income Tax Act, 1961	Income Tax	2,065,095	Assessment Year 2017-18	Commissioner of Income Tax (Appeal)
The Kerala Value Added Tax Act, 2003	Value Added Tax	569,527	Assessment Year 2012-13	Appellate Commissioner
West Bengal Value Added tax Rules, 2005	Value Added Tax	2,018,738	Assessment Year 2015-16	Appellate Commissioner
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	2,217,867	Assessment Year 2015-16	Joint Commissioner
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	2,205,815	Assessment Year 2016-17	Joint Commissioner
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	1,089,375	Assessment Year 2013-14	Joint Commissioner
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	1,603,562	Assessment Year 2014-15	Joint Commissioner
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	820,815	Assessment Year 2017-18	Joint Commissioner
West Bengal Commercial Tax Act, 2005	Sales Tax	2,257,783	Assessment Year 2012-13	Appellate Commissioner
Central Sales Tax Act, 1956 (Kerala)	Sales Tax	171,843	Assessment Year 2013-14	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956 (Kerala)	Sales Tax	92,402	Assessment Year 2014-15	Deputy Commissioner (Assessment)
Central Sales Tax Act, 1956	Sales Tax	4,066,191	Assessment Year 2015-16	Sales tax Officer

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# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- ix. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

  
per Yogender Seth  
Partner  
Membership Number: 094524  
UDIN: 20094524AAAAFB2586  
Place of Signature: Gurugram  
Date: December 29, 2020



## **ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF VLCC PERSONAL 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")**

We have audited the internal financial controls over financial reporting of VLCC Personal Care Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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 Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these financial statements 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 over financial reporting with reference to these 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 these 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements**

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





# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the 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.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Yogender Seth  
Partner

Membership Number: 094524  
UDIN: 20094524AAAAFB2586  
Place of Signature: Gurugram  
Date: December 29, 2020



VLCC Personal Care Limited  
Balance Sheet as at March 31, 2020  
CIN No.-U52212DL2000PLC107566  
(All amounts in INR lakhs unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5 (a)	3,398	3,677
Intangible assets	5 (b)	78	118
Intangible assets under development	5 (b)	0	5
Right-of-Use Assets	35	333	-
Investment in subsidiaries	6	1,670	2,268
<b>Financial assets</b>			
- Loans	7 (b)	48	45
- Trade receivables	7 (c)	2,756	2,510
- Other bank balances	7 (e)	22	8
Other non-current assets	8	11	111
Deferred tax assets (net)	9	2,338	2,016
<b>Total Non-Current assets</b>		<b>10,654</b>	<b>10,758</b>
<b>Current assets</b>			
Inventories	10	3,644	3,174
<b>Financial assets</b>			
- Investments *	7 (a)	0	0
- Loans	7 (b)	57	48
- Trade receivables	7 (c)	3,964	4,705
- Cash and cash equivalents	7 (d)	18	368
- Other bank balances	7 (e)	5	15
- Others	7 (f)	1	1
Other current assets	8	1,508	1,357
Current tax assets (net)	11	304	355
<b>Total Current assets</b>		<b>9,501</b>	<b>10,023</b>
<b>Total Assets</b>		<b>20,155</b>	<b>20,781</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	438	438
<b>Other equity:</b>			
- Share premium	4	1,462	1,462
- General reserve	4	209	209
- Retained earnings	4	7,036	7,781
<b>Total Equity</b>		<b>9,145</b>	<b>9,890</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities:</b>			
- Borrowings	13 (a)	500	1,054
- Other financial liabilities	13 (c)	85	78
- Lease Liabilities	35	164	-
Provisions	14	146	141
Other non-current liabilities	15	42	14
<b>Total Non-current liabilities</b>		<b>937</b>	<b>1,287</b>
<b>Current liabilities</b>			
Contract Liability	16 A	286	358
<b>Financial liabilities</b>			
- Borrowings	13 (a)	4,043	4,260
- Trade payables			
total outstanding dues of micro enterprises and small enterprises:	27	64	49
total outstanding dues of creditors other than micro enterprises and small enterprises	13 (b)	4,399	4,281
- Other financial liabilities	13 (c)	663	311
- Lease Liabilities	35	100	-
Provisions	14	19	86
Other Current liabilities	15	499	259
<b>Total Current liabilities</b>		<b>10,073</b>	<b>9,604</b>
<b>Total Equity and Liabilities</b>		<b>20,155</b>	<b>20,781</b>

\* Absolute numbers before round off is INR 20,000 as at March 31st 2020 and March 31st 2019.

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. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Yogender Seth  
Partner  
Membership No.: 94524



Place: Gurugram  
Date: 29 December 2020

For and on behalf of the Board of Directors of  
VLCC Personal Care Limited  
CIN-U52212DL2000PLC107566

Jayant Khosla  
Director  
DIN: 08321843

Shikha Rustagi  
Company secretary  
Membership No.: A35418

Sandeep Ahuja  
Director  
DIN: 00043118  
Place: Gurugram



VLCC Personal Care Limited  
Statement of Profit and Loss for the year ended March 31, 2020  
CIN No.-U52212DL2000PLC107566  
(All amounts in INR lakhs unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers	16 A	17,852	19,666
Other operating revenue	16 B	164	248
Other income	17	372	166
<b>Total revenue</b>	<b>A</b>	<b>18,388</b>	<b>20,080</b>
<b>Expenses</b>			
Cost of materials consumed	19	5,951	5,998
Purchases of stock-in-trade	20	542	1,614
Decrease/(Increase) in inventories of stock-in-trade	21	(430)	(145)
Employee benefits expense	22	2,926	3,708
Other expenses	24	8,452	10,079
<b>Total expenses Before Interest, Tax, Depreciation and Amortisation</b>	<b>B</b>	<b>17,441</b>	<b>21,254</b>
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>	<b>C=(A-B)</b>	<b>947</b>	<b>(1,174)</b>
Finance Income	D	11	9
Finance costs	E	608	540
Depreciation and amortisation expense	F	512	414
<b>Loss before Exceptional item and Tax</b>	<b>G=(C+D-E-F)</b>	<b>(162)</b>	<b>(2,119)</b>
Exceptional item	H	909	-
<b>Loss before tax</b>	<b>I=(G-H)</b>	<b>(1,071)</b>	<b>(2,119)</b>
<b>Tax expenses:</b>			
Current tax		-	-
Deferred tax charge/ (credit)		(321)	59
<b>Total tax expenses</b>	<b>J</b>	<b>(321)</b>	<b>59</b>
<b>Loss for the year</b>	<b>K=(I-J)</b>	<b>(750)</b>	<b>(2,178)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss in subsequent periods:			
- Re-measurement gains/(losses) on defined benefit plans *	30	5	0
- Income tax credit/(charge) of above item **		-	(0)
<b>Other Comprehensive income/(loss) for the year</b>	<b>L</b>	<b>5</b>	<b>0</b>
<b>Total Comprehensive loss for the year</b>	<b>M=(K+L)</b>	<b>(745)</b>	<b>(2,178)</b>
<b>Earnings per share (of INR 10 each):</b>			
Basic in INR	25	(17.02)	(49.79)
Diluted in INR	25	(17.02)	(49.79)
<b>Summary of significant accounting policies</b>	2.1		

\* Absolute number before round off is INR 48,955 for the year ending Mar'19

\*\* Absolute number before round off is INR (14,256) for the year ending Mar'19

The accompanying notes are an integral part of financial statements

As per our report of even date

For S R Batliboi & Associates LLP  
ICAI Firm Registration No: 101049W/E300004  
Chartered Accountants

Per Yogender Seth  
Partner  
Membership No: 94524



Place: Gurugram  
Date: 29 December 2020

For and on behalf of board of directors of  
VLCC Personal Care Limited  
CIN-U52212DL2000PLC107566

Jayant Khosla  
Director  
DIN: 08321843

Sandeep Ahuja  
Director  
DIN: 00043118

Shikha Rustagi  
Company secretary  
Membership No.: A35418



VLCC Personal Care Limited  
Cash Flow Statement for the year ended March 31, 2020  
CIN No.-U52212DL2000PLC107566  
(All amounts in INR lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Net (loss)/profit before tax & exceptional item	(162)	(2,119)
<u>Adjustment to reconcile profit before tax to net cash flows:</u>		
Depreciation and amortisation	512	414
Loss on sale of fixed assets	15	5
Finance costs	592	512
Interest income	(3)	(9)
Provision / (reversal of provision) for doubtful trade receivables	667	(92)
Provision for doubtful advances	31	14
Provision for inventory	429	12
Inventory Written off/adjustment	16	327
Bad debts and Advances written off	449	46
Net unrealised exchange (gain) / loss	(313)	(135)
<b>Operating profit before working capital changes</b>	<b>2,233</b>	<b>(1,045)</b>
<b>Working Capital Adjustments:</b>		
Decrease/ (Increase) in provisions	(61)	39
Increase in inventories	(915)	(586)
Decrease / (Increase) in trade receivables and other financial assets	(588)	1,659
Decrease / (Increase) in other assets	(140)	916
(Decrease) / Increase in trade payables and other financial liabilities	153	(289)
Increase in other liabilities and contract liability	196	135
<b>Cash generated from / (used in) operations</b>	<b>878</b>	<b>829</b>
Income tax paid	51	(1)
<b>Net cash flow from operating activities (A)</b>	<b>929</b>	<b>828</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances	(143)	(147)
Proceeds from sale of fixed assets *	0	1
Interest received	3	3
Acquisition of VLCC Online Services Private Limited	-	(16)
Investment in preference shares of Vanity Cube Mobile SPA and Saloon Private Limited	(62)	(265)
Investment in preference shares of VLCC Online Services Private Limited	-	(4)
Investments in bank deposits	(14)	(2)
<b>Net cash flow used in investing activities (B)</b>	<b>(215)</b>	<b>(430)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from non current financial liabilities-borrowings	-	387
Repayment of non current financial liabilities-borrowings	(214)	(100)
Repayment of lease liabilities including interest	(85)	-
Repayment of current financial liabilities-borrowings	(218)	(44)
Interest paid	(546)	(513)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(1,062)</b>	<b>(270)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(349)</b>	<b>128</b>
Cash and cash equivalents at the beginning of the year	368	240
	<b>19</b>	<b>368</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	9	5
Cheques in hand	-	355
Balances with banks- current accounts	9	8
	<b>19</b>	<b>368</b>

\* Absolute numbers before round off is INR 24,405 as at March 31st 2020.

There are no changes in liabilities arising from financing activities other than cash flow changes.

**Summary of significant accounting policies**

2.1

The accompanying notes are an integral part of financial statements

As per our report of even date  
For S R Batliboi & Associates LLP  
ICAI Firm Registration No: 101049W/E300004  
Chartered Accountants

Per Yogender Seth  
Partner  
Membership No. 04524



Place: Gurugram  
Date: 29 December 2020

For and on behalf of board of directors of  
VLCC Personal Care Limited  
CIN-U52212DL2000PLC107566

Jayant Khosla  
Director  
DIN: 08321843

Shikha Rustagi  
Company secretary  
Membership No.: A35418

Sandeep Ahuja  
Director  
DIN- 00043118



3 Equity Capital

	Amount
As at April 1, 2018	438
Add: Issue of equity share capital	-
As at March 31, 2019	438
As at April 1, 2019	438
Add: Issue of equity share capital	-
As at March 31, 2020	438

4 Other Equity

Particulars	Attributable to the equity holders			Total
	Reserves and Surplus			
	Security premium	General reserve	Retained earnings	
At April 1, 2018	1,462	209	9,959	11,630
Profit/ (loss) for the year			(2,178)	(2,178)
Other comprehensive income for the year, net of tax			0	0
At March 31, 2019	1,462	209	7,781	9,452
Profit/ (loss) for the year			(750)	(750)
Other comprehensive income for the year, net of tax			5	5
At March 31, 2020	1,462	209	7,036	8,708

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.

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

For and on behalf of the Board of Directors of  
VLCC Personal Care Limited  
CIN-U52212DL2000PLC107566

Yogender Seth  
Partner  
Membership No. : 94524



*(Signature)*

Jayant Khosla  
Director  
DIN: 08321843

*(Signature)*

Sandeep Ahuja  
Director  
DIN: 00043118

Place: Gurugram  
Date: 29 December 2020

*(Signature)*  
Shikha Rustagi  
Company secretary  
Membership No.: A35418



## VLCC Personal Care Limited

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in INR Lakh unless otherwise stated)

### Notes to the Financial Statements for the year ended March 31, 2020

#### 1. Corporate information

VLCC Personal Care Limited ('the Company') is an unlisted public limited Company domiciled in India and was incorporated in India on September 6, 2000 under the provisions of the Companies Act, applicable in India. The Company is principally engaged in the business of manufacture and sale of skin-care, hair-care and body-care products across India. The registered office of the Company is located at M-14 Greater Kailash-II, Commercial Complex New Delhi.

These separate financial statements were authorised for issue in accordance with a resolution of the directors on 29<sup>th</sup> December 2020.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation

These financial statements for the year ended 31 March 2020 have been prepared in accordance with Ind AS. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The outbreak of Coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. In many countries including India, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have also had impact on the operations and financial position of the Company. The Company has taken various measures to reduce its costs including fixed overheads, salaries across levels as well as reduction or waiver of rent. The Company has also assessed the possible effects that may result from COVID 19 on its operations and on the carrying value of current and non-current assets. Basis such assessment, the Company has recorded appropriate provisions wherever needed and expects the carrying amount of these assets to be recoverable. In developing the assumption relating to the possible future uncertainties in the global conditions because of the pandemic, the Company, as on date of approval of these financial statements has used various information, as available. The impact of COVID 19 may differ from that estimated as at the date of approval of these financial statements.

##### Measurement of EBITDA

The Company presents Earnings before Interest Tax Depreciation and Amortization (EBITDA) in the statement of profit or loss, this is not specifically required by Ind AS 1. The terms EBITDA are 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 Company'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 Company has elected to present earnings before interest income and expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs, and tax expense.



**VLCC Personal Care Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**  
*(All amounts in INR Lakh unless otherwise stated)*

**Rounding Off Amounts**

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

**2.2 Summary of significant accounting policies**

**a) Current versus non-current classification**

The Company 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
- 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 Company 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 Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**b) Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional currency. The functional currency and items included in the financial statements are measured using that functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

**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.

**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.
- 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



**VLCC Personal Care Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**  
*(All amounts in INR Lakh unless otherwise stated)*

fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (“OCI”) or profit or loss are also recognised in OCI or profit or loss, respectively).

**c) Fair value measurement**

The Company measures financial instruments 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 Company.

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 Company 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 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 financial statements on a recurring basis, the Company 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration, wherever applicable. At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company’s accounting policies. For this analysis, the management or its expert verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

**d) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.





### **Sale of Products**

Revenue from sale of products is recognized when the Company transfers the control of goods to the customer as per the terms of contract, generally on delivery of the products. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, non-cash considerations and consideration payable to the customer (if any). The Company believes that the control gets transferred to the customer on delivery of the goods to the customers.

### **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 Company adopted Ind AS 115 using the full retrospective method of adoption in Financial Year 2018-19. The Company did not apply any of the available optional practical expedients. There is no impact of adoption of Ind AS 115 on retained earnings as on April 1, 2017. The nature of these adjustments is described below:

#### **a) 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.

#### **b) 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.

#### **c) 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.



## **VLCC Personal Care Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

*(All amounts in INR Lakh unless otherwise stated)*

### **Rights of return**

Certain contracts provide a customer with a right to return the damaged goods within a specified period. The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

### **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 Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

#### **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,



**VLCC Personal Care Limited**  
**Notes to Financial Statements for the year ended March 31, 2020**  
*(All amounts in INR Lakh unless otherwise stated)*

the Company 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.

**e) Government grants**

Government grants are recognised 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 recognised 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 recognised 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.

**f) 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 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 Company 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.

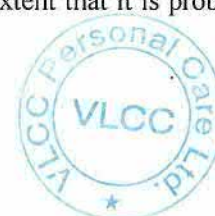
**Deferred tax**

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



## VLCC Personal Care Limited

### Notes to Financial Statements for the year ended March 31, 2020

(All amounts in INR Lakh unless otherwise stated)

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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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.

#### g) 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 capitalised 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 property, plant and equipment up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.



## VLCC Personal Care Limited

### Notes to Financial Statements for the year ended March 31, 2020

(All amounts in INR Lakh unless otherwise stated)

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 14 and 23 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded Asset retirement liability.

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 income statement 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, which is, as follows:

Particulars	Useful life (Years)
Plant and Machinery	15 years
Building	30 years/20 years
Furniture and Fixtures	10 years
Lab Equipment	10 years
Vehicles	8 years
Office equipment	5 years
Computer equipments :	
• Servers	6 years
• Desktops/ laptops	3 years

- Leasehold improvements are amortized over the period of lease, including the optional period of lease.

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 or loss when the asset is derecognised.

#### h) 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.



**VLCC Personal Care Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

*(All amounts in INR Lakh unless otherwise stated)*

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:

<b>Particulars</b>	<b>Useful life (Years)</b>
Trademarks	10 years
Computer software	6 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.

**i) 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 Company 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 Company 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.



**VLCC Personal Care Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

*(All amounts in INR Lakh unless otherwise stated)*

**j) Leases**

**Till March 31, 2019**

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.

**Company 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 Company 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.

**With effect from April 1, 2019**

**Company as a lessee**

The Company has adopted Ind AS 116 effective from 1 April 2019 using modified retrospective approach. For the purpose of preparation of Standalone Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended 31 March 2020.

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

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

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

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



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**Notes to Financial Statements for the year ended March 31, 2020**  
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straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

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

**k) 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 is determined on First in First Out (FIFO) 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 First in First Out (FIFO) 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.

**l) Impairment of non-financial assets**

The Company 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 Company 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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to





## **VLCC Personal Care Limited**

### **Notes to Financial Statements for the year ended March 31, 2020**

*(All amounts in INR Lakh unless otherwise stated)*

OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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 Company estimates the asset's or cash generating unit's ("CGU") 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.

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.

#### **m) Provisions and Contingent liabilities**

##### **Provisions**

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 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 Company 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 Company 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 Company does not recognize a contingent liability but discloses its existence in the financial statements.

#### **n) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the



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**Notes to Financial Statements for the year ended March 31, 2020**

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provident fund are charged to the statement of profit and loss for the year when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund. The Company operates an unfunded defined benefit gratuity plan for its employees. Benefits payable to eligible employees of the Company 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 resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the Statement of Profit and Loss.

Accumulated leave is treated as short-term employee benefit as the Company has no unconditional right to defer the liability. The Company 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.

**o) 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 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 Company. 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.



## **VLCC Personal Care Limited**

### **Notes to Financial Statements for the year ended March 31, 2020**

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#### **Derecognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivable (financial assets) and credit risk exposure.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company 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 Company 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 (P&L). 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 Company'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**

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.



## **VLCC Personal Care Limited**

### **Notes to Financial Statements for the year ended March 31, 2020**

*(All amounts in INR Lakh unless otherwise stated)*

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 Company 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**

This is the category most relevant to the Company. 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 Company 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.

#### **p) Earnings / (loss) per share**

Basic earnings 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 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

#### **q) Cash and Cash equivalents**

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



## VLCC Personal Care Limited

### Notes to Financial Statements for the year ended March 31, 2020

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of the Company's cash management.

#### r) Investments

Subsidiaries are entities controlled by the Company. Control is achieved when the Company 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 Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include, acquisition charges such as brokerage, fees and duties.

#### s) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis are included under 'unallocated revenue / expenses / assets / liabilities.

#### t) Operating Cycle

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

### 2.3 New Accounting Standards

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2019:

#### a) Ind AS 116, Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.



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**Notes to Financial Statements for the year ended March 31, 2020**

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The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

**b) Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes**

According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effect on adoption of Ind AS 12 Appendix C is insignificant in the financial statements.

**c) Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits**

The amendments require an entity: i) 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 ii) to recognise in profit or loss as part of past service cost, or again 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. The Company does not have any impact on account of this amendment.

**d) Amendment to Ind AS 12, Income Taxes**

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not have any impact on account of this amendment.

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in note 28. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

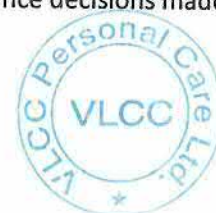
**2.4 Standards issued but not effective:**

The new and amended standards that are notified, but not yet effective, up to the date of issuance of the Company's standalone financial statements are disclosed below. The Company intends to adopt these new and amended standards if applicable, when they become effective:

**(i) Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments to Ind AS 1 *Presentation of Financial Statements* and Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.



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### Notes to Financial Statements for the year ended March 31, 2020

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These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's standalone financial statements.

#### (ii) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Company's standalone financial statements.

## 2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Indian Accounting Standards 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 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.

### Judgements

In the process of applying the Company'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 – Company as lessee

The Company has entered into operating lease arrangements for certain facilities and office premises. The Company 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 its significant risks and rewards of ownership of these properties are not transferred to the Company and accounts for the contracts as operating leases.

#### 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit



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**Notes to Financial Statements for the year ended March 31, 2020**

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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.

**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 29.





5 (A) Property, Plant and Equipment

	Buildings	Plant & Machinery	Lab Equipment	Furniture & Fixtures	Vehicle	Office Equipment	Computer	Leasehold Improvements	Total	Capital Work in Progress
<b>Gross Block</b>										
At April 1, 2018	2,154	1,155	68	406	308	36	34	22	4,183	156
Additions	1	28	2	12	-	4	19	336	402	-
Disposal	-	(4)	(1)	(0)	-	(4)	(1)	-	(10)	(156)
At March 31, 2019	2,155	1,179	69	418	308	36	52	358	4,575	-
Adjustments*										
Additions	1	16	9	52	-	2	1	(8)	(8)	-
Disposal	-	-	-	(0)	(29)	(0)	(1)	42	124	-
At March 31, 2020	2,156	1,195	78	470	279	39	52	392	4,661	-

Accumulated Depreciation

At April 1, 2018	150	147	17	83	90	13	25	6	531	-
Charge for the year	96	95	9	56	45	8	9	53	371	-
Disposals	-	(1)	(0)	(0)	-	(2)	(1)	-	(4)	-
At March 31, 2019	246	241	26	139	135	19	33	59	898	-
Adjustments*										
Charge for the year	91	87	9	47	40	7	8	(0)	(0)	-
Disposals	-	-	-	(0)	(14)	(0)	(1)	93	382	-
At March 31, 2020	337	328	35	185	161	26	41	151	1,263	-

Net carrying value  
 At March 31, 2019  
 At March 31, 2020

	1,909	938	43	279	173	17	19	299	3,677	-
	1,820	867	42	285	119	13	12	240	3,398	-

\* Adjustment pertains to reclass of ARO asset from Property, Plant and Equipment to Right of use asset



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5 (B) Intangible assets

	Computer Software	Total	Intangibles under development
<b>Gross Block</b>			
At April 1, 2018	239	239	-
Additions	-	-	5
Disposal	-	-	-
At March 31, 2019	239	239	5
Additions	-	-	-
Disposal **	-	-	(5)
At March 31, 2020	239	239	0
<b>Accumulated Depreciation</b>			
At April 1, 2018	77	77	-
Charge for the year	44	44	-
Disposals	-	-	-
At March 31, 2019	121	121	-
Charge for the year	40	40	-
Disposals	-	-	-
At March 31, 2020	160	160	-
<b>Net carrying value</b>			
At March 31, 2019	118	118	5
At March 31, 2020	78	78	0

\*\* Write off of intangible asset under development is considered in disposal of asset



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Notes to financial statements for the year ended March 31, 2020

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(All amounts in INR lakhs unless otherwise stated)

6. Investment In Subsidiaries

	As at March 31, 2020	As at March 31, 2019
<i>Unquoted instruments fully paid up</i>		
<b>Investment in subsidiaries (at cost)</b>		
5,000 (March 31, 2019: 5,000) Equity shares of INR100 each, fully paid up VLCC Wellness Research Centre Private Limited	1,504	1,504
17,998 (March 31, 2019: 17,998) Equity shares of INR10 each, fully paid up Vanity Cube Mobile SPA and Saloon Private Limited	115	115
54,45,000 (March 31, 2019: 48,55,000) Preference shares of INR10 each, fully paid up Vanity Cube Mobile SPA and Saloon Private Limited	545	486
19,015 (March 31, 2019: 19,015) Equity shares of INR 10 each, fully paid up VLCC Online Services Private Limited	129	129
140,000 (March 31, 2019: 140,000) Preference shares of INR 10 each, fully paid up VLCC Online Services Private Limited	37	34
	<b>2,330</b>	<b>2,268</b>
Less : Provision for diminution in value of Investments		
Investment in Vanity Cube Mobile Spa & saloon P Ltd [Refer note 40]	660	-
	<b>1,670</b>	<b>2,268</b>
Aggregate amount of unquoted investments	2,330	2,268
Aggregate provision for diminution in value of investments	660	-

7. Financial Assets

7(a) Investments

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
<b>Investment in government securities (unquoted) (at amortized cost) *</b>		
6 year National Savings Certificate (pledged with sales tax authorities)	0	0
	<b>0</b>	<b>0</b>

\* Absolute amounts before rounding off are INR 20,000 as at March 31, 2020 and March 31, 2019

7 (b) Loans

	As at March 31, 2020	As at March 31, 2019
<b>(Unsecured considered good unless otherwise stated) (at amortized cost)</b>		
<b>Non Current</b>		
Security deposits		
- Considered good	48	45
- Considered doubtful	4	4
	<b>52</b>	<b>49</b>
Less: Provision for doubtful deposits	(4)	(4)
	<b>48</b>	<b>45</b>
<b>Current</b>		
<b>Unsecured, considered good, unless otherwise stated</b>		
Advances to employees	57	48
	<b>57</b>	<b>48</b>



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7 (c) Trade Receivables

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
-Trade receivables from related parties considered good - Unsecured [refer note 32]	2,756	2,510
-Trade receivables - credit impaired	437	390
	<u>3,193</u>	<u>2,900</u>
Less: Provision for doubtful trade receivables	(437)	(390)
	<u><u>2,756</u></u>	<u><u>2,510</u></u>
<b>Current</b>		
<b>Trade receivables (Unsecured)</b>		
-Trade receivables from related parties considered good - Unsecured [refer note 32]	1,381	762
-Trade receivables from other parties considered good - Unsecured	2,583	3,943
-Trade receivables - credit impaired	1,670	802
	<u>5,634</u>	<u>5,507</u>
Less: Provision for doubtful trade receivables	(1,670)	(802)
	<u><u>3,964</u></u>	<u><u>4,705</u></u>

No other trade receivables are due from the directors or other officers of the Company 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 receivable are non interest bearing and are generally on terms of not more than 60 days. Provision for doubtful receivables include INR 455 lakhs (March 31, 2019: INR 400 lakh) towards dues from related party.

The movement in impairment of trade receivables is as follows:

	As at March 31, 2020	As at March 31, 2019
Opening Balance	1,192	1,284
Addition*	1,206	(51)
Write off (Net of Recovery)	(291)	(41)
	<u>2,107</u>	<u>1,192</u>

\* This includes impairment provision made on trade receivable due to Covid INR 249 lakh (Refer Note 26)

7 (d) Cash And Cash Equivalents

	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
Cash in hand*	9	5
Cheques in hand	-	355
<b>Balances with banks</b>		
In current accounts	9	8
	<u>18</u>	<u>368</u>
	<u><u>2</u></u>	<u><u>2</u></u>

\*Includes foreign currencies (Equivalent to INR)

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7 (e) Other Bank Balances

	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Deposits with remaining maturity for more than 12 months	22	8
	<u>22</u>	<u>8</u>
<b>Current</b>		
Deposits with original maturity for more than 3 months but less than 12 months	5	15
	<u>5</u>	<u>15</u>
<b>Notes:</b>		
The Company has pledged all of its deposits with banks to fulfill collateral requirements.		

7 (f) Other Financial Assets

	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good, unless otherwise stated</b>		
<b>Current</b>		
Interest accrued on bank deposits	1	1
	<u>1</u>	<u>1</u>
<b>Notes:</b>		
The Company has pledged all of its deposits with banks to fulfill collateral requirements.		

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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-U52212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

8 Other Assets

	As at March 31, 2020	As at March 31, 2019
<b><u>Unsecured, considered good, unless otherwise stated</u></b>		
<b><u>Non-Current</u></b>		
Capital advances	-	8
Prepaid Expenses	1	3
Prepaid Asset- Leasehold Land	0	94
<b><u>Balances with government authorities</u></b>		
- Tax paid under protest (refer note 27)	10	6
<b><u>Considered doubtful</u></b>		
Sales tax paid under protest (refer note 27)	23	21
Provision for doubtful advances	(23)	(21)
	-	-
	<u>11</u>	<u>111</u>
<b><u>Current</u></b>		
Prepaid expenses	44	43
<b><u>Balances with government authorities</u></b>		
Excise duty credit receivable	-	16
Goods and Service Tax (GST) Input / CENVAT Credit	592	454
Goods and Service Tax (GST) Refund Receivable*	248	312
Advance to suppliers	575	395
<b><u>Others</u></b>		
Duty drawback	-	8
Focus product scheme (FPS) license	49	129
	<u>1,508</u>	<u>1,357</u>
<b><u>Considered doubtful</u></b>		
Loans and advances to employees	-	23
Excise duty credit receivable	16	-
Advance to suppliers	57	16
<b><u>Others</u></b>		
Duty drawback	-	5
	<u>73</u>	<u>44</u>
Less: Provision for doubtful advances	(73)	(44)
	-	-
	<u>1,508</u>	<u>1,357</u>

\* 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.

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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-U52212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

9	As at March 31, 2020	As at March 31, 2019
<b>Deferred Tax Asset (Net)</b>		
Deferred tax asset	683	362
Minimum Alternative Tax credit entitlement	1,655	1,654
	<u>2,338</u>	<u>2,016</u>

10	As at March 31, 2020	As at March 31, 2019
<b>Inventories</b>		
Raw materials and components	645	574
Less: Provision for slow moving and obsolete inventory	(74)	(56)
	<u>571</u>	<u>518</u>
Packing Materials	989	937
Less: Provision for slow moving and obsolete inventory	(275)	(211)
	<u>714</u>	<u>726</u>
Work in Progress-semi finished products	35	20
Finished goods [refer note (i) below] (Including stock in transit INR 128 lakh March 31, 2019: INR 54 lakh)	2,498	1,626
Less: Provision for slow moving and obsolete inventory	(339)	(68)
	<u>2,159</u>	<u>1,558</u>
Stock in trade [refer note (ii) below] (Including stock in transit INR 8 lakh March 31, 2019: INR 2 lakh)	280	390
Less: Provision for slow moving and obsolete inventory	(115)	(38)
	<u>165</u>	<u>352</u>
	<u>3,644</u>	<u>3,174</u>

Notes:

- (i) Finished goods include goods aggregating to INR 1092 lakh (March 31, 2019: INR 749 lakh) lying with C&F agents.
- (ii) Stock-in-trade includes goods aggregating to INR 105 lakh (March 31, 2019: INR 242 lakh) lying with C&F agents.
- (iii) The company has a policy to perform physical verification of inventory at regular intervals including year end. On account of lockdown announced by Central Government of India and the inability to travel coupled with social distancing norms imposed post lockdown and the volume of inventory involved, the physical verification of inventory could not be performed as at March 31, 2020. The same has been performed subsequently and no material discrepancies were noticed on such verification.

11	As at March 31, 2020	As at March 31, 2019
<b>Current Tax Assets (Net)</b>		
Advance tax [Refer Note 33(b)]	304	355
	<u>304</u>	<u>355</u>

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12 Equity Share Capital

	As at March 31, 2020	As at March 31, 2019
(a) Authorized shares 5,000,000 (March 31, 2019 : 5,000,000) Equity shares of INR 10/- each	500	500
(b) Issued, subscribed and fully paid-up shares 4,375,000 (March 31, 2019 : 4,375,000) Equity shares of INR 10/- each	438	438

Notes:

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares in lakhs	Amount
At April 1, 2018	44	438
Issued during the year	-	-
At March 31, 2019	44	438
Issued during the year	-	-
At March 31, 2020	44	438

(ii) 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.

(iii) Details of shares held by the holding company, their subsidiaries and associates:

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	%	No. of Shares held	%
<u>Equity shares</u>				
VLCC Health Care Limited, the holding company	43,74,994	99.99%	43,74,994	99.99%

(iv) Details of shares held by each shareholder holding more than 5% shares:

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	%	No. of Shares held	%
<u>Equity shares</u>				
VLCC Health Care Limited	43,74,994	99.99%	43,74,994	99.99%



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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-U52212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

13 Financial Liabilities

13 (a) Borrowings

	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Term Loans from bank-secured [refer note (i) below]	542	739
Current maturities of term loans from bank disclosed under "Other Current Financial Liabilities" [Refer note 13 (c)]	(542)	(197)
	<u>-</u>	<u>542</u>
Vehicle Loan from bank -secured-[refer note (ii) below]	12	29
Current maturities of vehicle loans from bank disclosed under "Other Current Financial Liabilities" [Refer note 13 (c)]	(12)	(17)
Unsecured borrowings from Palm Land Hospitality Private Limited [refer note (iii) below]	500	500
	<u>500</u>	<u>512</u>
	<u>500</u>	<u>1,054</u>
<b>Current</b>		
Cash Credit Loan -secured [refer note (iv) below]	3,043	3,260
Working Capital Demand Loan -secured [refer note (iv) below]	1,000	1,000
	<u>4,043</u>	<u>4,260</u>

Notes:

- (i) 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 installments out of which 33 monthly instalments of INR 16.43 lakh and interest was repayable as on 31st March 2020.

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 entire term loan has been classified as 'current'

The Reserve Bank of India, in March this year, offered a relief measure to the borrowers in the form of EMI moratorium on all term loans for three months till May 31, 2020. This was further extended by another three months till August 31, 2020. In total, the central bank has offered a moratorium of six-months between March 1, 2020 and August 31, 2020. The Company has opted to avail this relief and defer its principal and interest payments in relation to its outstanding term loans as on March 31, 2020.

- (ii) The vehicle loan is taken from Kotak Mahindra Prime Ltd. is taken on a interest rate of 9.39% p.a . The loans are secured by hypothecation of respective vehicles. Originally the loan was repayable in 60 monthly installments out of which 8 monthly instalments including interest of INR 1.55 lakh was repayable as on 31st March 2020.

- (iii) The unsecured loan has been taken from Palm Land Hospitality Private Limited and is payable within 3 years along with interest at 12% p.a.

- (iv) Details of terms of repayment and security provided in respect of the secured short-term borrowings:

	As at March 31, 2020	As at March 31, 2019
<b>Cash Credit Loan from banks:</b>		
Yes Bank	47	330
HDFC Bank	2,996	2,930
	<u>3,043</u>	<u>3,260</u>
<b>Working Capital Demand Loan from banks:</b>		
Yes Bank	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<b>Current Borrowings</b>	<u>4,043</u>	<u>4,260</u>
Secured borrowing	3,543	3,760
unsecured borrowing	500	500
<b>Total</b>	<u>4,043</u>	<u>4,260</u>



VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-US2212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

- (a) Cash credit loan from Yes bank is secured against first pari passu charge on all the current assets (both current & future) excluding current assets located at Matia Industrial Growth Centre(Assam) & second pari passu charge on all the moveable fixed assets (both current & future) except vehicle & MFA located at Matia Industrial Growth Centre(Assam) and payable on demand along with interest at MCLR plus 0.9%
- (b) Cash credit loan from HDFC bank is secured against first pari passu charge on all the current assets (both current & future) & second pari passu charge on all the moveable fixed assets (both current & future) and payable on demand along with interest at MCLR plus 0.6%
- (c) Working capital demand loan from Yes bank is secured against first pari passu charge on all the current assets (both current & future) excluding current assets located at Matia Industrial Growth Centre(Assam) & second pari passu charge on all the moveable fixed assets (both current & future) except vehicle & MFA located at Matia Industrial Growth Centre(Assam) and payable on demand along with interest at MCLR plus 2%

13 (b) Trade Payables

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of creditors other than micro and small enterprises	4,252	4,043
- Total outstanding dues of related party creditors (refer note 32)	147	238
	4,399	4,281

Trade payables, except for micro and small enterprises, are non-interest bearing.

For trade payables to micro and small enterprises (refer note 28).

13 (c) Other Financial Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Security deposits received	85	78
	85	78
<b>Current</b>		
Interest accrued but not due on borrowings	31	15
Payables for capital purchases	49	58
Interest payable on security deposits	4	4
Interest accrued on trade payables	25	20
Current maturities of term loans from bank [refer note 13(a) - Borrowings above]	542	197
Current maturities of vehicle loans from bank [refer note 13(a) - Borrowings above]	12	17
	663	311

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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-U52212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

14 Provisions	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Provision for employee benefits:		
Provision for gratuity (refer note 30)	110	108
Provision for decommissioning liabilities- Asset retirement obligation	36	33
	<u>146</u>	<u>141</u>
<b>Current</b>		
Provision for employee benefits:		
Provision for compensated absences	-	66
Provision for gratuity (refer note 30)	19	20
	<u>19</u>	<u>86</u>
<b>Provision for decommissioning liabilities</b>		
Under operating lease agreements entered by the Company, it has to incur restoration cost for restoring lease premises to the original condition at the time of expiry of lease period.		
	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	33	30
Arising during the year	3	3
	<u>36</u>	<u>33</u>
15 Other Liabilities	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Deferred grant liability	42	14
	<u>42</u>	<u>14</u>
<b>Current</b>		
TDS payable	27	41
Goods and service tax (GST) Payable	440	193
Other statutory dues	27	22
Deferred grant liability	5	3
	<u>499</u>	<u>259</u>

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16 A Revenue From Contracts With Customers

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products [refer note (i) below]		
Manufactured goods	16,949	17,549
Traded goods	903	2,117
Revenue from contracts with customers	<u>17,852</u>	<u>19,666</u>
<b>Disaggregated revenue information</b>		
(i) Type of goods	Year ended March 31, 2020	Year ended March 31, 2019
<u>Manufactured goods</u>		
Skin Care	5,661	6,284
Sun Care	1,896	2,027
Facial Kits	6,134	5,623
Bleach	1,587	1,403
Others (such as Professional Range, Men's Range etc.)	1,671	2,212
	<u>16,949</u>	<u>17,549</u>
<u>Traded goods</u>		
Skin Care	229	718
Others (such as Hair Care, Eye Care etc.)	674	1,399
	<u>903</u>	<u>2,117</u>
Revenue from contracts with customers	<u>17,852</u>	<u>19,666</u>
(ii) Refer Note 31 for reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information.		
(iii) Timing of revenue recognition	Year ended March 31, 2020	Year ended March 31, 2019
Goods transferred at a point in time	17,852	19,666
Revenue from contracts with customers	<u>17,852</u>	<u>19,666</u>
(iv) Contract balances	As at March 31, 2020	As at March 31, 2019
Trade receivables	6,720	7,215
Contract liabilities	286	358
Note: Trade receivables are non-interest bearing and are generally on terms of 60 days and are net of refund liability. Contract liabilities includes advance from customers received for supply of goods.		
Set out below is the amount of revenue recognized from:	Year ended March 31, 2020	Year ended March 31, 2019
Included in the contract liability balance at the beginning of the period	358	274



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(v) Right of refund liabilities	Year ended March 31, 2020	Year ended March 31, 2019
Refund liability (netted off from trade receivables)	70	437

(vi) Reconciling the amount of revenue recognized in the statement of profit and loss with the contracted price	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price	23,487	24,763
<b>Adjustments:</b>		
Sales discounts and schemes	4,855	4,224
Display charges	780	873
Revenue from contracts with customers	<u>17,852</u>	<u>19,666</u>

16 B Other Operating Revenue	Year ended March 31, 2020	Year ended March 31, 2019
GST-Refund*	151	210
FPS License	8	25
Duty drawback	5	13
	<u>164</u>	<u>248</u>

\* 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.

17 Other Income	Year ended March 31, 2020	Year ended March 31, 2019
Net gain on foreign currency transactions	313	155
Miscellaneous income	59	11
	<u>372</u>	<u>166</u>

18 Finance Income	Year ended March 31, 2020	Year ended March 31, 2019
Interest income [refer note (i) below]	11	9
	<u>11</u>	<u>9</u>

Notes:

(i) Interest income comprises:		
- Interest from banks on deposits	1	1
- Interest on loans and advances	1	1
- Interest on security deposits*	1	1
- Interest on deferred grant liability	5	3
- Interest on investment in preference shares of subsidiary	3	3
	<u>11</u>	<u>9</u>

\*Interest on security deposits at fair value has been measured using effective interest rate method. Difference between fair value and transaction value of the security deposit has been recognized as deferred lease expense. Deferred lease expenses has been added to ROU and amortized as depreciation as per Ind AS 116.



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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-U52212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

19 Cost Of Materials Consumed

	Year ended March 31, 2020	Year ended March 31, 2019
<u>Raw Materials Consumed</u>		
Opening stock	574	560
Add: Purchases	2,699	2,836
	<u>3,273</u>	<u>3,396</u>
Less: Closing stock	645	574
	<u>2,628</u>	<u>2,822</u>
	A	
<u>Packing materials Consumed</u>		
Opening stock	937	778
Add: Purchases	3,293	3,264
	<u>4,230</u>	<u>4,042</u>
Less: Closing stock	989	937
	<u>3,241</u>	<u>3,105</u>
	B	
Less : Provision for obsolete and slow moving Inventory	C	
	<u>(82)</u>	<u>(71)</u>
	(A+B-C)	
	<u>5,951</u>	<u>5,998</u>

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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

CIN No.-U52212DL2000PLC107566

(All amounts in INR lakhs unless otherwise stated)

20	Purchase Of Traded Goods	Year ended March 31, 2020	Year ended March 31, 2019
	Purchase of goods held for resale	542	1,614
21	Changes In Inventories Of Finished Goods, Stock-In-Trade And Work-In-Progress	Year ended March 31, 2020	Year ended March 31, 2019
	<u>Inventories at the end of the year:</u>		
	Finished goods	2,498	1,626
	Stock-in-trade	280	390
	Work-in-progress	35	20
	A	<u>2,813</u>	<u>2,036</u>
	<u>Inventories at the beginning of the year:</u>		
	Finished goods	1,626	1,505
	Stock-in-trade	390	420
	Work-in-progress	20	25
	B	<u>2,036</u>	<u>1,950</u>
	Less : Provision / (reversal of provision) for obsolete and slow moving Inventory	C (347)	59
	(Increase) in inventories	(B-A-C) (430)	<u>(145)</u>
22	Employee Benefits Expense	Year ended March 31, 2020	Year ended March 31, 2019
	Salaries and wages	2,698	3,438
	Contributions to provident fund [refer note 30]	157	156
	Gratuity [refer note 30]	36	38
	Staff welfare expenses	35	76
		<u>2,926</u>	<u>3,708</u>
23	Finance Costs	Year ended March 31, 2020	Year ended March 31, 2019
	<u>Interest expense:</u>		
	on loans	121	97
	on cash credit	435	412
	on trade payables	5	14
	on late deposit of tax *	1	0
	on security deposits	5	4
	on asset retirement obligation	4	3
	on lease liability [refer note 35]	30	-
	Bank charges	7	10
		<u>608</u>	<u>540</u>

\* Absolute numbers before round off are INR 38,543 as at March 31, 2019.



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24 Other Expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	170	163
Rent	33	128
Sub-contracting expenses	486	521
Warehouse charges	97	151
Security expenses	52	55
Consumables	33	41
Freight and forwarding charges	523	656
Octroi	-	2
Repairs and maintenance		
Repairs and maintenance - Machinery	35	31
Repairs and maintenance - Building*	0	0
Repairs and maintenance - Others	67	118
Vehicle running and maintenance	62	60
Printing and stationery	12	14
Insurance	31	27
Rates and taxes	11	6
Communication expenses	40	100
Travelling and conveyance	625	931
Advertisement	559	1,392
Sales promotion	2,601	3,467
Commission for sales	808	662
Market support services	0	437
General maintenance expenses	204	260
CSR expenses [refer note 34]	18	18
Legal and professional	339	479
Payments to auditors [refer note below]	19	19
Provision / (Reversal of provision) for doubtful trade receivables	667	(92)
Provision for doubtful advances	31	14
Provision for inventory	429	12
Inventory written off/adjustments	16	327
Loss on sale of fixed assets	15	5
Bad debts written off	291	41
Advance written off	158	5
Miscellaneous expenses	20	29
	<b>8,452</b>	<b>10,079</b>

Note:

Payments to the auditors:

Audit fee	17	17
Reimbursement of expenses	2	2
	<b>19</b>	<b>19</b>

\* Absolute amount before round off is INR 41,160 and INR 5,177 as at 31st March 2020 and as at 31st March 2019 respectively.



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**25 Loss per share**

The following is a computation of earnings per share and a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share.

	Year ended March 31, 2020	Year ended March 31, 2019
Loss for the year for calculation of basic and diluted EPS	(745)	(2,178)
Weighted average number of equity shares in calculating basic and diluted EPS in lakh	44	44
Basic earnings / (loss) per share INR	(17.02)	(49.79)
Dilutive earnings / (loss) per share INR	(17.02)	(49.79)

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

**26 Exceptional Item**

	Year ended March 31, 2020	Year ended March 31, 2019
Impairment of Investment in Vanity Cube spa & saloon Pvt Ltd.	660	-
Provision for doubtful debt	249	-
	<u>909</u>	<u>-</u>

The Company has impaired investment pertaining to "Vanitycube Mobile Spa and Salon P Ltd.", amounting to INR 660 lacs as on March 31, 2020, considering the negative net worth of INR 126 Lacs and based on the Company's assessment of future operations and financial position of the subsidiary

Provision against trade receivables on account of Covid 19 assessment (Refer note 2.1) of INR 249 Lacs has been recorded in the statement of profit and loss.

**27 Contingent liabilities and commitments****(i) Contingent liabilities**

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts [refer note (a) below]	16	118
Income tax demand [refer note (b) below]	21	38
Sales Tax demand [refer note (c)(i) below]	100	64
Entry Tax demand [refer note (c)(ii) below]	79	44
	<u>216</u>	<u>264</u>

- (a) Legal cases not provided for INR 16 lakh (March 31, 2019: INR 118 lakh) as the Company has been legally advised that the outcome is likely to be in favour of the Company.
- (b) Income tax demand comprise demand from the Indian tax authorities for payment of additional tax of INR 21 lakh (March 31, 2019: INR 38 lakh) upon completion of their tax review for the assessment years 2017-18. 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).
- (c)(i) Sales Tax demand comprise demand from the VAT / CST authorities for payment of additional tax amounting to INR 100 lakh (March 31, 2019: INR 64 lakh) upon completion of their tax review for the assessment year 2012-13 to 2015-16. The tax demands are mainly on account of classification of goods and mis-match in credit. The matters are pending before appellate authorities. Out of the above, the Company has deposited INR 26 lakh (March 31, 2019: INR 21 lakh) under protest.
- (ii) 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 2013-14 to 2017-18 amounting to INR 79 lakh (March 31, 2019: 44 Lakh) which are pending before the appellate authorities. The tax demands are mainly on account of non-payment of tax on goods imported into the state. On a appeal filed by many corporates, the Calcutta High Court had held the entry tax introduced in the 2012-2013 budget by West Bengal government as unconstitutional.

The Company is contesting the above demands and the management based on its internal assessment and based on advise from consultants believe that its position will likely be upheld in the appellate process and the probability of any outflow is less likely. Accordingly, no tax or legal expense has been accrued in these financial statements for the above demands. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations and hence no provision has been made in respect of above matters.



VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

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(All amounts in INR lakhs unless otherwise stated)

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(ii) Commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Property, plant and equipments	-	5
	<u>-</u>	<u>5</u>

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Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	64	49
Interest due on above	25	20
	<u>89</u>	<u>69</u>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	20	7
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	5	13
	<u>25</u>	<u>20</u>

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Transfer Pricing

The Company had appointed independent consultants for conducting a Transfer pricing study to determine whether the transactions with associated enterprise were undertaken at "arm length price". The management confirms that all international transactions with associated enterprise are undertaken at negotiated contracted price on usual commercial terms and is confident of there being no adjustment on completion of the study. Adjustment, if any arising from the transfer pricing study shall be accounted for as and when the study is completed.

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30 Employee benefit plans

(i) Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized INR 157 lakh (March 31, 2019: INR 156 lakh) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(ii) Defined benefit plans

The Company offers the employee benefit schemes of Gratuity to its employees. Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date.

The scheme is unfunded and the following table summarizes the components of net benefit expense recognized in the statement of profit and loss and assets recognized in the balance sheet for the respective years.

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Components of employer expense</b>		
Current service cost	27	31
Past service cost	-	-
Interest cost	9	7
<b>Total expense recognized in the Statement of Profit and Loss</b>	<b>36</b>	<b>38</b>
<b>Re-measurement gains/(losses) on defined benefit plans recognized in Other Comprehensive Income</b>		
Effects of change in financial assumptions	7	2
Effects of experience variance (i.e. Actual experience vs assumptions)	(12)	(2)
<b>Total remeasurements recognized in OCI (gain)/loss</b>	<b>(5)</b>	<b>(0)</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	30	10
<b>Net asset / (liability) recognized in the Balance Sheet</b>		
Present value of defined benefit obligation	129	128
Fair value of plan assets	-	-
<b>Net asset / (liability) recognized in the Balance Sheet</b>	<b>(129)</b>	<b>(128)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of defined benefit obligation at beginning of the year	128	100
Current service cost	27	31
Interest cost	9	7
Past Service Cost	-	-
Re-measurement (or Actuarial (gains)/losses) arising from		
- change in financial assumptions	7	2
- experience variance (i.e. Actual experience vs assumptions)	(12)	(2)
Benefits paid	(30)	(10)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>129</b>	<b>128</b>



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Actuarial assumptions			
Discount rate		6.24%	7.19%
Salary escalation		5.00%	5.00%
Mortality tables		IALM 12-14 Ultimate	IALM 06-08 Ultimate
Attrition		15.00%	15.00%
Estimate of amount of contribution in the immediate next year			

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of obligations.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / +1%)	9	(8)	9	(8)
Salary Growth Rate (- / + 1%)	(8)	9	(8)	9
Attrition Rate (- / + 50%)	4	(5)	2	(5)
Mortality Rate (- / + 10%)	(0)	0	(0)	0

The expected benefit payments in future years is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Next 1 year	19	20
Next 2 to 5 years	70	67
Next 6 to 10 years	110	107
More than 10 years	112	110

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 5.25 years (March 31, 2019: 5.29 years).

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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

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(All amounts in INR lakhs unless otherwise stated)

31 Segment information

The Company is involved in the business of manufacturing and sale of skin-care, hair-care and body-care products and is a single segment of cosmetic products. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision maker (CODM) evaluates the Company's performance and allocates resources at the Company level. Company's revenue from geographies' individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately as below:

Geographic Segment	Year ended March 31, 2020	Year ended March 31, 2019
India	16,923	18,064
Middle East	135	717
Rest of Asia	742	795
Rest of the world	52	90
<b>Revenue from contracts with customers</b>	<b>17,852</b>	<b>19,666</b>

All the non current assets of the Company are located in India.

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32 Related party transactions

(a) Names of related parties and related party relationship

Related parties where control exists

Holding company	VLCC Health Care Limited
Subsidiary company	VLCC Wellness Research Centre Private Limited Vanity Cube Mobile SPA and Saloon Private Limited VLCC Online Services Private Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	VLCC Healthcare (Bangladesh) Pvt Ltd. VLCC Personal care (Bangladesh) Pvt Ltd. VLCC Healthcare Lanka (P) Ltd VLCC Middle East LLC, Dubai VLCC Singapore PTE Limited Wyann International (M) SDN, Malaysia Celblos Dermal Research Centre Pte Ltd. Bellewave Cosmetics Pte Ltd., Singapore VLCC Wellness (East Africa) Ltd VLCC International Qatar
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Key managerial personnel

Natarajan MV [Director, resigned w.e.f. June 29, 2019]
Sandeep Ahuja [Non-Executive Director]
Sanjay Mehta [Non-Executive Independent Director]
Shikha Rustagi [Company Secretary w.e.f Jan 13, 2020]

Individual having significant influence over the Company

Vandana Luthra

(b) Details of related party transactions during the year ended March 31, 2020 and March 31, 2019 and outstanding balance as at March 31, 2020 and March 31, 2019:

	Year ended March 31, 2020	Year ended March 31, 2019
(i) <u>Revenue</u>		
<u>Holding company</u>		
- VLCC Health Care Limited	666	870
<u>Subsidiary company</u>		
- VLCC Online Services Private Limited	58	25
- VLCC Vanity Cube Mobile SPA and Saloon Private Limited	10	46
<u>Fellow subsidiaries</u>		
- Bellewave Cosmetics Pte Ltd., Singapore	36	52
- Celblos Dermal Research Centre Pte Ltd.	18	3
- VLCC Healthcare Lanka (P) Ltd	-	2
- VLCC Healthcare (Bangladesh) Pvt Ltd	16	16
- VLCC Middle East LLC	128	635
- VLCC Wellness (East Africa) Ltd	-	2
- VLCC International, Qatar	4	18
(ii) <u>Expenses recovered on account of freight</u>		
- VLCC Middle East LLC	14	51
- VLCC Healthcare (Bangladesh) Pvt Ltd	4	1
- VLCC Wellness (East Africa) Ltd	-	1
- VLCC Healthcare Lanka (P) Ltd	-	0
- Bellewave Cosmetics Pte. Ltd.	0	1
- Celblos Dermal Research Centre Pte. Ltd.	3	1
- VLCC International, Qatar	2	3



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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

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	Year ended March 31, 2020	Year ended March 31, 2019
(iv) Purchase of goods		
<u> Holding company </u>		
- VLCC Health Care Limited	-	0
<u> Subsidiary company </u>		
- VLCC Online Services Private Limited	-	8
<u> Fellow subsidiaries </u>		
- Bellewave Cosmetics Pte Ltd, Singapore	3	208
(iv) Expenses		
Rent		
<u> Holding company </u>		
- VLCC Health Care Limited	19	17
<u> Subsidiary company </u>		
- VLCC Wellness Research Centre P Ltd	35	46
<u> Fellow subsidiaries </u>		
- VLCC Singapore PTE Limited	-	186
- VLCC Middle East LLC	-	249
Consultancy charges		
<u> Individual having significant influence over the Company </u>		
- Vandana Luthra	193	176
(v) Managerial Remuneration		
<u> Key management personnel </u>		
Short term employee benefits	36	152
Termination benefits	2	6
Total compensation paid to key managerial personnel	<u>38</u>	<u>158</u>
- Natarajan MV	37	158

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	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. Balance outstanding at the end of the year</b>		
(i) <b>Trade receivables</b>		
<u>Holding company</u>		
- VLCC Health Care Limited	827	378
<u>Subsidiary company</u>		
- VLCC Online Services Private Limited	54	55
- VLCC Vanity Cube Mobile SPA and Saloon Private Limited	34	23
<u>Fellow subsidiaries</u>		
- VLCC Middle East LLC*	3,561	3,152
- VLCC Healthcare Lanka (P) Ltd	-	5
- Celblos Dermal Research Centre Pte Ltd.	33	9
- VLCC Wellness (East Africa) Ltd	2	2
- VLCC Healthcare (Bangladesh) Pvt Ltd	6	-
- Bellewave Cosmetics Pte Ltd, Singapore	72	46
- VLCC International, Qatar	3	2
* Note on dues from VLCC Middle East LLC		
Trade receivables as at year end include INR 3,561 lakhs recoverable from VLCC Middle East LLC on account of sales of products. The Company has collected INR 48 Lakhs during the year out of the old outstanding and agreed to collect the remaining amounts over next four years and has recorded expected credit loss for time value amounting to INR 455 Lakhs. Further, the Company has informed to the respective authorised dealer about delay in collection of amount.		
(ii) <b>Trade payables</b>		
<u>Subsidiary company</u>		
- VLCC Wellness Research Centre P Ltd	81	70
<u>Fellow subsidiaries</u>		
- Bellewave Cosmetics Pte Ltd, Singapore	66	108
- VLCC Singapore Pte Limited	-	57
- VLCC Healthcare (Bangladesh) Pvt Ltd	-	3
(iii) <b>Individual having significant influence over the Company</b>		
- Vandana Luthra	32	16

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019; Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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33 Income Taxes

a) The major components of income tax expense for the years ended March 31, 2020 and March 31,

**Profit or loss**

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Tax Expense:</b>		
Current tax	-	-
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-	-
<b>Income tax expense reported in the statement of profit or loss</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income</b>		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans *	-	(0)
<b>Income tax charged to OCI</b>	<b>-</b>	<b>(0)</b>

\* Absolute number before round off is INR (14,256) for the year ending March 31st 2019

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

Current tax assets	3,450	3,501
Current tax (liabilities) / (Provision)	(3,146)	(3,146)
<b>Current tax asset/ (liabilities) (net)</b>	<b>304</b>	<b>355</b>

Reconciliation of tax expense and the accounting profit multiplied by applicable Indian tax rate for March 31, 2020 and March 31, 2019

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax and after exceptional items:	(1,071)	(2,119)
Tax at statutory rate @ 26.00% (2019: 29.12%)	(278)	(617)
A Tax Impacts of following non deductible items:		
Corporate Social Responsibility Expenses	2	5
Others (801C disallowance, TDS not deducted on provision)	94	5
B Unabsorbed losses	(184)	603
C Effect of rate change from previous year	39	67
D Others	6	(4)
<b>At the effective income tax rate as applicable</b>	<b>(321)</b>	<b>59</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(321)</b>	<b>59</b>



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VLCC Personal Care Limited

Notes to financial statements for the year ended March 31, 2020

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Deferred tax

	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Tax effect of items constituting deferred tax assets</b>				
Provision for compensated absences, gratuity	34	56	(23)	(0)
Refund liability	11	88	(76)	3
Provision for slow moving and obsolete inventory	209	109	100	(16)
Provision for statutory bonus	4	5	(1)	(2)
Provision / (reversal of provision) for doubtful trade receivables	548	347	201	(97)
Provision for doubtful advances	25	19	6	12
Security deposit adjustment	-	0	(0)	(1)
Prepaid assets adjustment	-	(30)	30	7
Asset retirement obligation adjustment	9	10	(0)	(0)
Deferred grant adjustment	12	5	7	(2)
Others	38	-	38	-
<b>Deferred tax asset (A)</b>	<b>890</b>	<b>609</b>	<b>282</b>	<b>(96)</b>
<b>Tax effect of items constituting deferred tax liabilities</b>				
On difference between book balance and tax balance of fixed assets	207	247	(40)	(37)
<b>Deferred tax liability (B)</b>	<b>207</b>	<b>247</b>	<b>(40)</b>	<b>(37)</b>
Deferred tax income / (expense)			322	(59)
<b>Net deferred tax asset [A-B]</b>	<b>683</b>	<b>362</b>		
<b>MAT Credit Entitlement</b>				
MAT credit entitlement	1,655	1,654	-	-
	<b>1,655</b>	<b>1,654</b>	<b>-</b>	<b>-</b>
<b>Total Deferred Tax Asset</b>	<b>2,338</b>	<b>2,016</b>	<b>322</b>	<b>(59)</b>

As the Company has brought forward unused tax losses, deferred tax asset has been recognized to the extent of probable future taxable profits over next few years and accordingly no incremental deferred tax credit has been recognized on the timing differences and tax losses arising during the current year.

Deferred tax asset not recognised due to reasonable certainty amounting to INR 339 Lakhs (March 31, 2019: 722 Lakhs).

34 Expenditure on Corporate Social Responsibility

Section 135(S) 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 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, 2020	Year ended March 31, 2019
Gross amount required to be spent by the Company during the year	-	9
Amount spent during the year on:		
Donation to KHUSHII	18	18
	<b>18</b>	<b>18</b>

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**35 Lease related disclosures**

The Company has leases for office building, warehouses and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. In the statement of profit and loss for the current period, the nature of expenses with respect to operating leases has changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

**A Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	INR Lakhs
	31 March 2020
Short-term leases	33
Variable lease payments	-

**B Total cash outflow for leases for the year ended 31 March 2020 was INR 85 Lakhs.****C Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

31 March 2020	Minimum lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
Lease payments	107	139	50	-	-	-	296

**D Right-of-Use Assets and Lease liabilities**

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Buildings & Equipment's
Balance as of April 1, 2019 (after adjusting prepaid rent and lease equalization reserve)	367
Additions (after adjusting prepaid rent)	57
Deletions	-
Depreciation	(91)
<b>Balance as of March 31, 2020</b>	<b>333</b>

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	Year ended March 31, 2020
Balance at the beginning	263
Additions	56
Deletions	-
Finance cost accrued during the period	30
Payment of lease liabilities	(85)
<b>Balance at the end</b>	<b>264</b>

**E Impact on transition**

- Effective from 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach to all lease contracts existing as at 1 April 2019. On transition, the adoption of new standard resulted in recognition of lease liability of INR 263 lakhs and corresponding right of use asset of INR 367 lakhs.
- For contracts in place as at 1 April 2019, Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- 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 Ind AS 116, being 1 April 2019.
- 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 Ind AS 116.
- 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 Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.
- On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognized was 11.50%.



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36 Financial instruments - Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables, borrowings, and capital creditors. Further, the Company has also accepted security deposits from various carrying and forwarding agents in lieu of company's goods lying in their warehouses. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets includes security deposits, trade receivables and cash and cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company'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 to mitigate potential adverse effects on the financial performance of the company.

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 optimizing 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, 2020 and March 31, 2019. 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Company 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 Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit/loss before tax
<b>March 31, 2020</b>		
INR Borrowings	+50	(22)
INR Borrowings	-50	22
<b>March 31, 2019</b>		
INR Borrowings	+50	(25)
INR Borrowings	-50	25

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company has transactional currency exposures arising from sales or purchases in currencies other than the Company's functional currency, which is INR. The company's financial state of affairs can be affected by movements in foreign currencies, primarily US Dollar, SGD, GBP & Canadian Dollar. The Company does not hedge any foreign currency exposure as the amount involved is non material as of now.

The carrying amounts of the Company's financial assets and liabilities denominated in different currencies are as follows:

As at	In equivalent INR Lakhs			
	Year ended March 31, 2020		Year ended March 31, 2019	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollar (USD)	3,697	-	3,221	51
Singapore Dollar (SGD)	-	69	-	108
Great Britain Pound (GBP)	1	-	1	-
Canadian Dollar (CAD)	-	1	-	1
Euro (EUR)	1	-	1	-
<b>Total</b>	<b>3,699</b>	<b>71</b>	<b>3,223</b>	<b>160</b>



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The Company's exposure to foreign currency arises where Company holds financial assets and financial liabilities denominated in currency different from the functional currency of the Company. A reasonably possible strengthening (weakening) of the INR, US dollar or other foreign currencies against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below.

	As at March 31, 2020		As at March 31, 2019	
	Change in foreign currency rate	Effect on profit before tax	Change in foreign currency rate	Effect on profit before tax
US Dollars	+5%	185	+5%	159
	-5%	(185)	-5%	(159)
SGD	+5%	(3)	+5%	(5)
	-5%	3	-5%	5

Effect of change in closing exchange rate by 5% in case of GBP, CAD and EUR will not have any major impact over profit before tax

#### B. Credit risk

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

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

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

	Less than 6 months	More than 6 months	Total
Trade Receivables as of March 31, 2020	4,265	4,562	8,827
Trade Receivables as of March 31, 2019	4,702	3,705	8,407

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company follows an age based provisioning policy to cover the risk of trade receivables. The maximum exposure to credit risk at the reporting date for trade receivables disclosed in above.

#### C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company'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 Company's reputation. The Company closely monitors its liquidity position and deploys a robust cash management system. The Company manages liquidity risk by maintaining adequate reserves, borrowing liabilities, by continuously monitoring forecast and actual cash flows, profile of financial assets and liabilities. It maintains adequate sources of financing including loans from banks at an optimized cost. The table below provides the details regarding contractual maturities of financial liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Less than 1 year</b>		
- Borrowings	4,043	4,260
- Trade payables	4,463	4,281
- Other financial liabilities	663	311
<b>Total</b>	<b>9,168</b>	<b>8,852</b>
<b>More than 1 year</b>		
- Borrowings	500	1,054
- Other financial liabilities	85	78
<b>Total</b>	<b>585</b>	<b>1,132</b>



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37 Capital Management

The Company'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 Company 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 Company's capital management is to maximize the shareholder value.

Company monitors capital using gearing ratio which is calculated as underlying net debt divided by total equity plus underlying net debt. The Company's policy is to keep the gearing ratio below 40%. The Company 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 Company.

Company's adjusted net debt to equity ratio at March 31, 2020 is as follows:

Gearing ratio

	As at March 31, 2020	As at March 31, 2019
Borrowings (Refer to note 13(a))	4,543	5,314
Less: cash and cash equivalents (Refer to note 7(d))	(18)	(368)
<b>Adjusted Net debt</b>	<b>4,525</b>	<b>4,946</b>
Total Equity	9,145	9,890
<b>Total Equity</b>	<b>9,145</b>	<b>9,890</b>
Total Equity and net debt	13,670	14,836
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>33%</b>	<b>33%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

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38 Fair values

The carrying value of financial instruments by categories is as under:

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, borrowings and other financial liabilities, approximate their carrying amounts which is at amortized cost.

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.

39 Events after reporting period

"The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective."

As per our report of even date

For S R Batliboi & Associates LLP  
ICAI Firm Registration No: 101049W/E300004  
Chartered Accountants

Per Yogender Seth  
Partner  
Membership No: 94524



Place: Gurugram  
Date: 29 December 2020

*[Handwritten Signature]*

Jayant Khosla  
Director  
DIN: 08321843

*[Handwritten Signature]*  
Shikha Rustagi  
Company secretary  
Membership No.: A35418

For and on behalf of board of directors of  
VLCC Personal Care Limited  
CIN-U52212DL2000PLC107566

*[Handwritten Signature]*  
Sandeep Ahuja  
Director  
DIN: 00043118

