VLCC International Inc.
and its subsidiaries

Consolidated Financial Statements
For the year ended March 31, 2021

VLCC International Inc. and its subsidiaries
Consolidated Financial Statements
For the year ended March 31, 2021

Table of contents

Grant Thornton
United Arab Emirates
Rolex Tower
Level 23
Sheikh Zayed Road
P.O. Box 1620
Dubai

T +971 4 388 9925
F +971 4 388 9915

Independent Auditor's Report
To the Shareholder of VLCC International Inc. and its subsidiaries

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of VLCC International Inc. ("the Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at March 31, 2021, and the Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly in all material respects, the financial position of the Group as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Grant Thornton
An instinct for growth™

Independent Auditor's Report
To the Shareholder of VLCC International Inc. and its subsidiaries

Report on the Audit of Consolidated Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

Grant Thornton
An instinct for growth™

Independent Auditor's Report
To the Shareholder of VLCC International Inc. and its subsidiaries

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Grant Thornton

Grant Thornton

Farouk Mohamed
Registration No. 86
Dubai, July 4, 2021

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

Consolidated statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Goodwill	7	**3,865,054**	3,652,916
Property and equipment	8	**83,921,201**	88,867,962
Right of use assets	9	**23,258,164**	23,340,903
Deferred tax assets	28	**539,775**	313,436
Other investments		**223,032**	-
		111,807,226	116,175,217
Current			
Inventories	11	**8,439,366**	7,877,631
Amounts due from a related party	29	**1,155,659**	898,734
Trade and other receivables	12	**9,226,000**	12,703,806
Cash and cash equivalents	13	**5,915,827**	3,801,031
		24,736,852	25,281,202
TOTAL ASSETS		**136,544,078**	141,456,419
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**16,313,991**	16,313,991
Share premium	15	**50,483,119**	50,483,119
Legal reserve	16	**490,245**	491,002
Foreign currency translation reserve		**(806,120)**	(1,552,513)
Actuarial loss		**(2,280,829)**	(2,005,804)
Accumulated losses		**(40,100,126)**	(40,446,480)
Equity attributable to shareholders of Parent		**24,100,280**	23,283,315
Non-controlling interest	17	**(1,753,356)**	(1,852,028)
TOTAL EQUITY		**22,346,924**	21,431,287
Liabilities			
Non-current			
Bank loans and overdrafts	18	**10,025,060**	12,442,083
Non-current portion of lease liabilities	10	**16,114,754**	16,179,614
Deferred tax liabilities		-	94,898
Long-term employee benefits	20	**3,255,050**	3,277,037
		29,394,864	31,993,632
Current			
Current portion of lease liabilities	10	**9,143,335**	8,167,423
Bank loans and overdrafts	18	**10,716,998**	12,271,961
Trade and other payables	19	**40,725,595**	44,129,299
Amount due to a related party	29	**17,176,319**	17,478,587
Deferred revenue	22	**7,040,043**	5,984,230
		84,802,290	88,031,500
TOTAL LIABILITIES		**114,197,154**	120,025,132
TOTAL EQUITY AND LIABILITIES		**136,544,078**	141,456,419

VLCC INTERNATIONAL INC.

Mr. Sandeep Ahuja
Director
Dubai, United Arab Emirates

The notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended March 31, 2021

	Notes	2021 AED	2020 AED
Revenue	22	**94,001,977**	125,577,217
Other income	23	**2,803,417**	479,749
		96,805,394	126,056,966
Cost of materials consumed	24	**(14,816,429)**	(18,182,240)
Staff salaries and benefits		**(40,031,754)**	(56,552,633)
Administrative and general expenses	25	**(11,114,270)**	(14,639,587)
Advertisement and business promotion		**(4,732,229)**	(7,787,193)
Depreciation	26	**(20,420,407)**	(21,789,879)
Provision for impairment loss on trade receivables	12	**(1,002,607)**	(911,852)
Operating profit		**4,687,698**	6,193,582
Finance costs	27	**(4,262,125)**	(5,849,047)
Profit before tax		**425,573**	344,535
Tax expense for the year	28	**(66,004)**	(938,249)
Profit/(loss) after tax for the year		**359,569**	(593,714)
Profit/(loss) for the year attributable to:			
Owners of the parent		**346,354**	(684,174)
Non-controlling interests	17	**13,215**	90,460
		359,569	(593,714)
Other comprehensive (loss)/income that will be re-classified subsequently to statement of profit or loss:			
Net change in foreign currency translation reserve		**831,850**	(229,478)
Net change in legal reserve		**(757)**	(155)
Other comprehensive loss that will not be re-classified subsequently to statement of profit or loss			
Actuarial losses on defined benefit obligation	20	**(275,025)**	(148,675)
Other comprehensive income/(loss)		**556,068**	(378,308)
Total comprehensive income/(loss) for the year		**915,637**	(972,022)
Total comprehensive income/(loss) attributable to:			
Owners of the Parent		**816,965**	(1,052,772)
Non-controlling interests		**98,672**	80,750
		915,637	(972,022)

The notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended March 31, 2021

	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Actuarial loss	Accumulated losses	Total equity attributable to owners of the Parent	Non-controlling interest	Total equity
	AED	AED	AED	AED	AED	AED	AED	AED	AED
Balance at April 1, 2019	13,850,904	49,276,206	491,157	(1,332,745)	(1,857,129)	(39,762,306)	20,666,087	(1,932,778)	18,733,309
Additional capital introduced	2,463,087	1,206,913	-	-	-	-	3,670,000	-	3,670,000
Loss for the year	-	-	-	-	-	(684,174)	(684,174)	90,460	(593,714)
Other comprehensive loss	-	-	(155)	(219,768)	(148,675)	-	(368,598)	(9,710)	(378,308)
Total comprehensive loss for the year			(155)	(219,768)	(148,675)	(684,174)	(1,052,772)	80,750	(972,022)
Balance at March 31, 2020	16,313,991	50,483,119	491,002	(1,552,513)	(2,005,804)	(40,446,480)	23,283,315	(1,852,028)	21,431,287
Balance at April 1, 2020	16,313,991	50,483,119	491,002	(1,552,513)	(2,005,804)	(40,446,480)	23,283,315	(1,852,028)	21,431,287
Profit for the year	-	-	-	-	-	346,354	346,354	13,215	359,569
Other comprehensive income / (loss)	-	-	(757)	746,393	(275,025)	-	470,611	85,457	556,068
Total comprehensive income / (loss) for the year	-	-	(757)	746,393	(275,025)	346,354	816,965	98,672	915,637
Balance at March 31, 2021	**16,313,991**	**50,483,119**	**490,245**	**(806,120)**	**(2,280,829)**	**(40,100,126)**	**24,100,280**	**(1,753,356)**	**22,346,924**

The notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	2020 AED
OPERATING ACTIVITIES			
Net profit before tax		**425,573**	344,535
Adjustment for non-cash and non-operating items:			
Depreciation	25	**20,420,407**	21,789,879
Provision for Impairment loss on trade receivables	12	**1,002,607**	911,852
Finance costs	27	**4,262,125**	5,849,047
Lease concession on other income		**(1,723,869)**	
Provision for long term employee benefits – net	20	**595,348**	785,031
Operating cash flows before working capital changes		**24,982,191**	29,680,344
Net changes in working capital:			
Inventories		**(561,735)**	529,261
Trade and other receivables		**2,475,200**	(992,643)
Amounts due from related parties		**(256,925)**	232,368
Amounts due to related parties		**(302,268)**	437,040
Deferred revenue		**1,055,813**	(856,278)
Trade and other payables		**(1,614,453)**	(3,630,148)
Net cash generated from operations		**25,777,823**	25,399,944
Tax paid		**(1,150,785)**	(834,975)
Employees' end of service benefits and accumulated compensated absences paid	20	**(936,802)**	(1,507,228)
Net cash generated from operating activities		**23,690,236**	23,057,741
INVESTING ACTIVITIES			
Purchase of property and equipment	8	**(5,928,819)**	(8,884,314)
Proceeds from disposal of property and equipment		**59,466**	-
Net cash used in investing activities		**(5,869,353)**	(8,884,314)
FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		**-**	3,670,000
Net movement in bank borrowings		**(3,372,387)**	(3,853,914)
Payment of lease liabilities	10	**(7,738,139)**	(9,995,166)
Finance cost paid		**(2,785,801)**	(4,112,582)
Net cash used in financing activities		**(13,896,327)**	(14,291,662)
Net change in cash and cash equivalents		**5,648,425**	(118,235)
Cash and cash equivalents, beginning of year		**1,521,276**	2,351,094
Net foreign exchange difference		**(1,210,160)**	(711,582)
Cash and cash equivalents, end of year	13	**4,235,672**	1,521,277

Notes to the consolidated financial statements
For the year ended March 31, 2021

1 Legal status and nature of operations

VLCC International Inc. (the "Company") is a limited liability company registered in British Virgin Island (BVI), pursuant to the BVI Business Companies Act. 2004 under the registered number of 627967. The registered address of the Company is Quijano Chambers, P O Box 3159, Road Town, Tortola, British Virgin Islands.

The Company is the holding Company of a group of companies incorporated in the United Arab Emirates (UAE), Europe, Sultanate of Oman, Kingdom of Bahrain, Sri Lanka, Bangladesh, Qatar, Kuwait, Egypt, Africa, Thailand, Malaysia and Singapore (collective referred to as "the Group"). The ultimate holding company of the Company is VLCC Health Care Limited (the "Ultimate Parent Company") a Public limited company incorporated and registered in India.

The principal activities of the Company are to carry on business of an investment company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee, share stocks, debentures, debenture stocks, bonds, notes, obligations or securities.

The principal activities of the subsidiary is providing beauty services and general trading of beauty products and equipment.

The financial statements were approved and signed by management on July 4,2021

Details of Company's subsidiaries and sub-subsidiaries as at March 31, 2021 are as follows:

Name of subsidiary / Step-down Subsidiary		Place of incorporation	Legal Ownership 2021	2020	Principal Activity
VLCC International (L.L.C)		UAE	49*	49*	Operating beauty, slimming, fitness and health centres
VLCC Middle East LLC		UAE	49*	49*	General trading of personal care products
VLCC Overseas Limited	(a)	UAE	100	100	Investment and general trading
VLCC Health Care (Bangladesh) Private Limited [subsidiary of (a)]		Bangladesh	100	100	Operating beauty, slimming, fitness and health centres
VLCC Personal Care Bangladesh Pvt. Ltd.[subsidiary of (a)]		Bangladesh	100	100	Manufacturing and trading of personal care products
VLCC Education Lanka (Pvt) Ltd [subsidiary of (a)]		Sri Lanka	100	100	Vocational courses in beauty therapy, hair dressing & makeup etc.
VLCC Healthcare Lanka (Pvt) Ltd. [subsidiary of (a)]		Sri Lanka	100	100	Operating beauty, slimming, fitness and health centres
VLCC Europe Ltd. ***		England & Wales	100	100	General Commercial Company
VLCC International Qatar Co. (W.L.L)		Qatar	49*	49*	Operating beauty, slimming, fitness and health centres
VLCC International – Kuwait Health Care Institute LLC		Kuwait	49*	49*	Operating beauty, slimming, fitness and health centres
VLCC International LLC-Oman		Oman	70*	70*	Operating beauty, slimming, fitness and health centres
VLCC Healthcare Egypt LLC ***		Egypt	100	100	Operating beauty, slimming, fitness and health centres
VLCC Wellness (East Africa) Limited		Kenya	70	70	Operating beauty, slimming, fitness and health centres

1 Legal status and nature of operations (continued)

Name of subsidiary / Step-down Subsidiary		Place of incorporation	Legal Ownership % 2021	Legal Ownership % 2020	Principal Activity
Wyann International SDN BHD***	(b)	Malaysia	76	76	Operating beauty, slimming, fitness and health care
VLCC Singapore Pte Ltd.	(c)	Singapore	100	100	General Commercial company
Global Vantage Innovative Group Pte Ltd. [subsidiary of (c)]	(d)	Singapore	85 (note 5)	85 (note 5)	Manufacturing and trading of skin-care / personal care products
Bellewave Cosmetics Pte Ltd. [subsidiary of (d)]		Singapore	85	85	Trading of skin-care / personal care products
Celblos Dermal Research Centre Pte Ltd [subsidiary of (d)]	(e)	Singapore	85	85	Manufacturing and trading of skin-care / personal care products
Excel Beauty Solution SDN BHD [subsidiary of (e)]		Malaysia	85	85	Trading of skin-care / personal care products
VLCC Holding (Thailand) Co. Ltd. [subsidiary of (c)]	(f)	Thailand	49.90**	49.90**	Investment and holding company
VLCC Wellness (Thailand) Co. Ltd. [subsidiary of (f)]		Thailand	74.90	74.90	Selling and distribution of healthcare products

* The Company does not have 100% legal ownership of these entities, however the Company has entered an agreement with the other shareholders whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly the Company has 100% beneficial interest in these companies.

**VLCC Singapore Pte Ltd. ("VSPL") holds all the Class B equity shares in VLCC Holding (Thailand) Co. Ltd. ("VHTL") and other shareholder holds all the Class A preference shares issued by VHTL. VSPL controls 49.90% of the voting rights in VHTL; and also controls the affairs and the board of directors of VHTL. The Chairman is appointed by VSPL and all significant rights in respect of dividend are enjoyed by VSPL. Accordingly, VHTL is considered to be a subsidiary controlled by VSPL.

*** No commercial activity has taken place in these entities during the year.

1 Legal status and nature of operations (continued)

Summarised financial information of subsidiaries with significant non-controlling interest, before intragroup eliminations, is set out below:

Name of subsidiary	Assets AED	Liabilities AED	Revenue AED	(Loss)/ profit for the year AED	Equity attributable to Owners of the Parent AED	Non-controlling interest AED
2021						
Wyann International SDN BHD (consolidated)	12,440	1,709,259	-	(10,990)	888,356	(2,585,175)
VLCC Singapore Pte Ltd. (consolidated)	21,059,793	6,942,572	10,802,384	615,516	12,848,918	1,268,303
VLCC Wellness (East Africa) Limited	1,103,029	212,149	563,126	(274,677)	1,327,363	(436,483)

Name of subsidiary	Assets AED	Liabilities AED	Revenue AED	(Loss)/ profit for the year AED	Equity attributable to owners of the Parent AED	Non-controlling interest AED
2020						
Wyann International SDN BHD (consolidated)	22,639	4,735,167	-	2,447,907	(2,088,105)	(2,624,422)
VLCC Singapore Pte Ltd. (consolidated)	21,147,150	8,402,942	13,256,188	(3,143,756)	11,583,848	1,160,360
VLCC Wellness (East Africa) Limited	1,367,502	152,563	872,474	(272,545)	1,602,905	(387,965)

2 Basis of compliance and preparation

The financial statements for the year ended March 31, 2021 are prepared under going concern basis. Due to the nature of the business and the growth phase of the Group, the current liabilities are exceeding the current assets as at March 31, 2021. The Group has taken various measures to reduce it's costs including fixed overheads, salaries across levels as well as reduction or waiver of rent. The steps taken by the Company has resulted in Group achieving a net profit of AED 359,569 for the year ended March 31, 2021 (2020: loss AED (593,714)) and as at that date has an equity surplus of AED 22,346,924 (2020: AED 21,431,287). The Group has generated positive cash flows from operations during the year and has budgeted positive cash flow for the next twelve months to meet its working capital requirements. Furthermore, the Group has been able to meet its financial obligations such as borrowings and payables as they fall due.

Further, the outbreak of Coronavirus (COVID 19) pandemic globally has caused a slowdown of economic activity. The Group 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. Based on such assessment, the Group 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.

3 Statement of compliance

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

4 Significant events during the reporting period

During the period, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Group. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Group's financial and non-financial assets; thus, there were no impairment made as at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal 2021.

5 Standards, interpretations and amendments to existing standards

5.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 01, 2020 and have been adopted by the Group (where applicable):

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to References to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

Except for Amendments to IFRS 1, which had an impact on the Group, the other above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made.

6 Summary of significant accounting policies

6.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below and are consistent with those used in prior years.

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

6 Summary of significant accounting policies (continued)

6.2 Foreign currencies

Functional and presentation currency

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

Foreign currency transactions

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

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation of foreign operations

The results and financial position of a foreign operation are translated into the reporting currency of the Group using the following procedures:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at the average exchange rate during the period which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in the translation reserve and recognised in consolidated statement of comprehensive income on disposal of the net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

6 Summary of significant accounting policies (continued)

6.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of:

a) fair value of consideration transferred,
b) the recognised amount of any non-controlling interest in the acquiree; and
c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

6.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2021. 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:

a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b. exposure, or rights, to variable returns from its involvement with the investee; and,
c. the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee;
b. Rights arising from other contractual arrangements; and
c. The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

6 Summary of significant accounting policies (continued)

6.4 Basis of consolidation (continued)

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Transfer of assets and liabilities under common control
Gains or losses arising from the transfer of business and the related assets and liabilities between entities that are under the common control of the shareholder that controls the Group are recognised in retained earnings.

Business combinations arising from transfer of interests in entities that are under the common control of the shareholders that control the Group are accounted for using net asset values of the acquired entities on the date of acquisition of interest in those entities using the pooling of interest method.

Non-controlling interest
Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Loss of control
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial statements of the subsidiaries are prepared for the same reporting year as of the Group.

6 Summary of significant accounting policies (continued)

6.5 Property and equipment

The cost of an item of property and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Group and, the cost of the item can be measured reliably.

Property and equipment is initially measured at cost. The cost of an item of property and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

Property and equipment carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property and equipment are assessed as follows:

	Number of years
Leased premises – right of use asset	3 – 5
Leasehold improvements	9
Equipment	10
Computers	4
Furniture and fixtures	7
Motor vehicles	4

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

The depreciation charge at the end of each year is recognised in profit and loss unless it is included in the carrying amount of another asset.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'other income' or administrative and general expenses.

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

6 Summary of significant accounting policies (continued)

6.6 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 7 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses.

6.7 Impairment testing of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

6.8 Financial instruments

Recognition, initial measurement and de-recognition

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

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

A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired. Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described ahead.

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

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

6 Summary of significant accounting policies (continued)

6.8 Financial instruments (continued)

Classification and subsequent measurement of financial assets

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency. As at the reporting date, the Group's financial assets comprise of trade and other receivables, amount due from a related party and cash and cash equivalents. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in statement of profit or loss and other comprehensive income and presented within 'finance costs - net' or 'other income – net'.

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

Impairment of financial assets

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

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

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

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

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

6 Summary of significant accounting policies (continued)

6.8 Financial instruments (continued)

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.
The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities includes lease liabilities, bank borrowings and overdrafts, trade and other payables, amounts due to related parties. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within 'finance income or finance costs'.

Offsetting financial instruments

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

6.9 Capital management policies and procedures

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

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes during the years ended March 31, 2021 and March 31, 2020. Total equity comprises share capital, share premium, legal reserve, foreign currency translation reserve, actuarial loss, accumulated losses and non-controlling interest and is measured at AED 22,346,924 as at March 31, 2021 (2020: AED 21,431,287)

6.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Cost includes purchase cost and other expenses. Net realisable value is based on the normal selling price less the cost expected to be incurred on disposal.

6 Summary of significant accounting policies (continued)

6.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value. Bank balance and cash are initially and subsequently recorded at fair value.

6.12 Equity and reserves

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

Share premium includes premiums received on issue of share capital more than its nominal value. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Accumulated losses include all current and prior period retained profits and losses.

Foreign currency translation reserve includes foreign currency translation differences arising from the translation of financial statements of the Group's foreign operations into AED.

6.13 Taxation

Income tax on profit for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided for in full using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated using tax rates that have been substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the deferred tax asset is realised or liability settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

6 Summary of significant accounting policies (continued)

6.14 Employee benefits

Short-term employee benefits

The costs of short-term employee benefit (those payable within 12 months after the service is rendered such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

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

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the respective labour laws of the Group companies or actuarial valuations and is reported under non-current liabilities.

Defined benefit plans

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

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

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

6.15 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

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

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

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

6 Summary of significant accounting policies (continued)

6.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Group, excluding discounts, rebates and duty.

The following specific recognition criteria must also be met before revenue is recognised:

Revenue from contracts with customers

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

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

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

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

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

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

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

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the amount of revenue to be recognised based on the delivery of performance obligations.

6 Summary of significant accounting policies (continued)

6.16 Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is recognised in the financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable can be measured reliably.

Rendering of services
Revenue arising from rendering of services is recognised over the period of time.

Sale of products and royalty income
Revenue arising from sale of products and royalty income is recognised at a point in time.

6.17 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Operating lease payments are recognised as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which the economic life benefits of the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are consumed.

Operating leases - lessee

Operating lease expense is recognised on a straight-line basis over the lease term. Expense incurred for leases is recognised within profit or loss.

6.18 Leases and right-of-use of assets

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

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

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

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

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

6 Summary of significant accounting policies (continued)

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

Measurement and recognition of leases as a lessee

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

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate

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

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

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

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

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

6.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that take a substantially long period of time to get ready for their condition of intended use or sale, are added to the cost of the asset until such time as the assets are substantially ready for their intended use or sale. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. All other borrowings are expenses in the period in which they are incurred and reported as finance costs.

6.20 Value Added Tax (VAT)

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

6 Summary of significant accounting policies (continued)

6.21 Significant management judgement in applying accounting policies

The following are significant management judgements and critical estimates in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements. When preparing the consolidated financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Significant management judgements

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Determination of timing of satisfaction of performance obligation
The Group determines that its revenue from sales of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e. generally when the customer has acknowledged delivery of the goods.

Estimation uncertainty

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

Provisions
Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Inventories
Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations
On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognised in the statement of profit or loss in the subsequent period.

6 Summary of significant accounting policies (continued)

6.21 Significant management judgement in applying accounting policies (continued)

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

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

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

Impairment of non-financial assets
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Control assessment
The Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Company's investees during the year or comparative year covered by these consolidated financial statement.

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

Fair value measurement
Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6 Summary of significant accounting policies (continued)

6.21 Significant management judgement in applying accounting policies (continued)

Leases – determination of the appropriate discount rate to measure lease liabilities
As noted above, the Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset. The estimated incremental borrowing rate is higher than the parent company for leases entered into by its subsidiary undertakings.

7 Goodwill

The net carrying amount of goodwill can be analysed as follows:

	2021	2020
	AED	AED
Gross carrying amount		
Balance at beginning of the year	**3,652,916**	3,842,158
Effect of translation	**212,138**	(189,242)
Balance at end of the year	**3,865,054**	3,652,916

Business combination and acquisition of non-controlling interest

On September 1, 2013, VLCC Singapore Ltd., acquired an 80% equity stake in Global Vantage Innovative Group Pte. Ltd. ("GVIG") and its wholly owned subsidiaries (the "GVIG Group"), thereby obtaining control. The principal activities of the GVIG Group are the development and production of formulation of skin-care and body-care products as well as its distribution. The objective of the acquisition of the GVIG Group was to increase and strengthen the VLCC Group's presence in Singapore. The acquisition had resulted in the goodwill of AED 3,948,058 on business combination.

In the year 2015, the Group acquired an additional 5% interest in the voting shares of the GVIG Group, increasing its ownership interest from 80% to 85%.

Notes to the consolidated financial statements (continued)
For the year ended March 31, 2021

8 Property and equipment

The Group's property and equipment comprise leasehold improvements, equipment, computers, furniture and fixtures, motor vehicles and capital work in progress. The carrying amount can be analysed as follows:

2021	Leasehold improvements AED	Equipment AED	Computers AED	Furniture and fixtures AED	Motor vehicles AED	*Capital work in progress AED	Total AED
Gross carrying amount							
Balance at April 1, 2020	191,115,519	35,324,138	1,641,014	5,077,476	2,693,160	1,301,388	237,152,695
Additions	-	4,896,805	48,078	3,051	-	980,885	5,928,819
Disposals	-	(85,762)	-	-	(36,680)	-	(85,762)
Translation difference	950,339	80,738	44,042	16,799	24,460	-	1,116,377
Reclassification/ transfer	(2,565,989)	2,286,780	318,077	(2,190)	-	-	-
Balance at March 31, 2021	189,499,869	42,502,699	2,051,211	5,095,136	2,680,940	2,282,273	244,112,129
Depreciation							
Balance at April 1, 2020	122,041,511	17,777,187	1,343,284	4,429,591	2,693,160	-	148,284,733
Depreciation	7,881,748	3,200,727	167,220	199,214	-	-	11,448,909
Disposals	-	(52,723)	-	-	(36,680)	-	(89,403)
Translation difference	362,316	71,320	74,304	14,288	24,460	-	546,688
Balance at March 31, 2021	130,285,575	20,996,511	1,584,808	4,643,093	2,680,940	-	160,190,927
Carrying amount at March 31, 2021	59,214,294	21,506,188	466,403	452,043	-	2,282,273	**83,921,201**

*Capital work in progress pertains to an expansion of VLCC centre in the United Arab Emirates. The Group has no capital commitments as at year end March 31, 2021.

Notes to the consolidated financial statements (continued)
For the year ended March 31, 2021

8 Property and equipment (continued)

2020	Leasehold improvements AED	Equipment AED	Computers AED	Furniture and fixtures AED	Motor vehicles AED	Capital work in progress AED	Total AED
Gross carrying amount							
Balance at April 1, 2019	211,535,596	32,466,463	1,228,714	5,257,972	2,715,637	-	253,204,382
Additions	3,153,440	4,215,677	178,752	35,057	-	1,301,388	8,884,314
Disposals	(22,116,554)	(682,943)	(60,713)	(173,371)	-	-	(23,033,581)
Translation difference	(1,456,963)	(675,059)	294,261	(42,182)	(22,477)	-	(1,902,420)
Balance at March 31, 2020	191,115,519	35,324,138	1,641,014	5,077,476	2,693,160	1,301,388	237,152,695
Depreciation							
Balance at April 1, 2019	136,492,353	15,700,870	915,800	4,337,228	2,398,377	-	159,844,628
Depreciation	8,407,451	3,187,180	305,550	295,895	336,251	-	12,532,327
Disposals	(22,116,554)	(682,943)	(54,870)	(169,574)		-	(23,023,941)
Translation difference	(741,739)	(427,920)	176,804	(33,958)	(41,468)	-	(1,068,281)
Balance at March 31, 2020	122,041,511	17,777,187	1,343,284	4,429,591	2,693,160	-	148,284,733
Carrying amount at March 31, 2020	69,074,008	17,546,951	297,730	647,885	-	1,301,388	88,867,962

*Capital work in progress pertains to an expansion of VLCC centre in United Arab Emirates. The Group has no capital commitments as at year end March 31, 2020.

9 Right of use asset

	2021 AED	2020 AED
Balance at April 1, 2020	**23,340,903**	27,050,134
Additions during the year	**8,801,461**	5,654,856
Depreciation charge for the year (refer note 25)	**(8,971,498)**	(9,257,552)
Currency translation difference	**87,298**	(106,535)
	23,258,164	23,340,903

10 Lease liability

	2021 AED	2020 AED
2021		
Balance at April 1,	**24,347,037**	27,050,134
Additions during the year	**8,801,461**	5,654,855
Interest on lease liability	**1,473,526**	1,736,470
Lease concession/derecognision (i)	**(1,723,869)**	-
Lease payments made during the year	**(7,738,139)**	(9,995,166)
Currency translation reserve	**98,073**	(99,256)
Balance at March 31,	**25,258,089**	24,347,037
Non-current	**16,114,754**	16,179,614
Current	**9,143,335**	8,167,423
	25,258,089	24,347,037

As described in Note 5.1 the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

The Group elected to apply the practical expedient of lease modification to all rent concessions that meets the respective conditions. Under the guidelines, the Group recorded an income of AED 1.7 million in statement of profit or loss and other comprehensive income that arise due to rent concession.

11 Inventories

	2021 AED	2020 AED
Goods held for sale	**3,470,487**	2,998,889
Packing material	**1,670,729**	1,888,438
Consumables	**2,803,953**	2,962,248
Goods-in-transit	**494,197**	28,056
	8,439,366	7,877,631

12 Trade and other receivables

	2021 AED	2020 AED
Financial assets		
Trade receivables	**3,509,780**	3,285,347
Less: Allowance for expected credit losses	**(1,914,459)**	(911,852)
	1,595,321	2,373,495
Deposits under lien	**3,471,837**	5,286,715
Staff advances	**279,193**	320,291
Credit card receivables	**931,080**	66,731
Other receivables	**189,448**	67,199
	6,466,879	8,114,431
Non-financial assets		
Advance to suppliers	**714,083**	1,303,231
Prepayments	**1,919,803**	3,118,744
VAT receivable	**125,235**	167,400
	2,759,121	4,589,375
	9,226,000	12,703,806

Movement in provision of trade receivables for impairment loss is as follows:

	2021 AED	2020 AED
At April 1	**911,852**	-
Provision of trade receivables for impairment loss	**1,002,607**	911,852
At March 31	**1,914,459**	911,852

Notes to the consolidated financial statements (continued)
For the year ended March 31, 2021

13 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2021 AED	2020 AED
Cash on hand	**496,679**	320,309
Cash in bank	**5,419,148**	3,480,722
	5,915,827	3,801,031

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

	2021 AED	2020 AED
Cash and bank balance	**5,915,827**	3,801,031
Bank overdrafts (refer note 18)	**(1,680,155)**	(2,279,754)
Cash and cash equivalents	**4,235,672**	1,521,277

14 Share capital

The share capital of the Company consists of 4,450,457 shares (2020: 3,779,316 shares) with nominal value of USD 1 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	2021 AED	2020 AED
Authorized capital		
10,000,000 shares of USD 1 each equivalent to	**36,720,000**	36,720,000
Issued and paid up capital		
Beginning of the year	**16,313,991**	13,850,904
Issued during the year	**-**	2,463,087
Total share issued at end of the year	**16,313,991**	16,313,991

15 Share premium

	2021 AED	2020 AED
Balance at beginning of the year	**50,483,119**	49,276,206
Increase during the year	**-**	1,206,913
Balance at end of the year	**50,483,119**	50,483,119

16 Legal reserve

The legal reserve is created as per Memorandum of Association of the subsidiaries consolidated in these financial statements. The legal reserve is not available for distribution except as provided in the local laws governing the subsidiaries.

17 Non-controlling interest

	2021 AED	2020 AED
Balance at beginning of the year	(1,852,027)	(1,932,778)
Share of total comprehensive income for the year	13,215	90,460
Translation difference related to non-controlling interest	85,456	(9,710)
Balance at end of the year	(1,753,356)	(1,852,028)

18 Bank loans and overdrafts

	2021 AED	2020 AED
Non-current		
Term loans	10,025,060	12,442,083
Current		
Term loans	9,036,843	9,766,991
Bank overdrafts	1,680,155	2,279,754
Motor vehicle loans	-	225,216
	10,716,998	12,271,961
Total borrowings	20,742,058	24,714,044

Term loans relate to following entities:

	2021	2020
VLCC International (L.L.C)	13,690,696	15,843,692
VLCC Singapore PTE Ltd.	4,765,087	4,675,366
VLCC International – Kuwait Health Care Institute LLC	606,120	-
VLCC International Inc.	-	1,690,016
	19,061,903	22,209,074

The loans have been obtained by the Company and its subsidiaries from local commercial banks of respective countries. The details are as follows:

VLCC International (L.L.C)

The bank borrowing except the vehicle loans carries interest at 1 month EIBOR + 4.75% (2020: 6 months LIBOR + 3.75%). Motor vehicle loans are secured against the vehicles purchased and carry an interest rate of 5-6%.

During the year the Company have not utilized the facilities amounting to AED 7,379,149 (2020: AED 4,626,554) from financial institutions.

The Company had not drawn facilities amounting to AED 11,000,000 (2020: AED 11,000,000) from the financial institutions.

18 Bank loans and overdrafts (continued)

These facilities are secured against the following:

- Corporate guarantee of M/s VLCC International Inc., British Virgin Islands (the "Guarantor"), supported by Board Resolution (notarized and legalized);
- Corporate guarantee of M/s. VLCC Healthcare Limited, India (the "Guarantor"), supported by Board;
- Resolution for AED 27,000,000/- (notarized and legalized);
- Corporate guarantee of M/s. VLCC (Middle East) LLC, Dubai (the "Guarantor"), supported by Board Resolution;
- Pledge over 100% shares of the Borrower, in favor of the Bank;
- Pledge over point of sale (POS) /current account/ Debt Service Reserve Account /receivable account in the name of the Borrower, in favor of the Bank
- Irrevocable assignment of Point of Sale (POS) proceeds/ collection of the Borrower's / Customer's branches/outlets and/or any new branches/outlets being opened, in favour of the Bank;
- Assignment of insurance policy covering stocks and fixed assets of all existing and to be opened outlets, in favour of the Bank for a minimum amount of AED 23,500,000/-;
- Assignment of Franchise Agreement for UAE entities, in favour of the Bank;
- Irrevocable and unconditional undertaking from Guarantors as mentioned below;
- No material amendment in the Franchise Agreement to be done without prior written consent from the Bank;
- To provide exclusive usage rights to the Borrower with no payment of royalty, trademark, management fee etc. or any other charge/ fees, until outstanding with the Bank is fully settled;
- Settlement cheque covering the total Facilities amount drawn by the Borrower, on and in favour of the Bank;
- General assignment of receivables, in favour of the Bank;
- Subordination to the Bank, of shareholders' loan and current account balances;
- Mortgage over assets financed by the Bank covering the Equipment Finance Loan;
- Assignment of insurance policy covering assets financed by the Bank covering the Equipment Finance Loan;
- Equipment Finance Lease Agreement whereby title of the assets financed will be held in favour of National Bank of Fujairah RISC till all lease obligations are settled in full. For all registerable assets mortgage favouring the Bank to be provided;
- Indemnity for Foreign Exchange, Currency Option, Commodity Derivatives and Interest Rate Derivatives Indemnity;
- International Swap and Derivatives Association Agreement, supported by Shareholders' Resolution;
- Credit Facilities Agreement; and

These are also secured against the following financial covenants:

- Minimum fixed charge cover rate (FCCR) to be maintained at 1.25:1 for the financial year 2020 and 1.25:1 from the financial year 2021 onwards.
- Leverage ratio for the Company not to exceed 1.50:1 for the financial year March 2020, 2:1 thereafter.

There is no breach in any financial covenants as at March 31, 2021 and March 31, 2020.

18 Bank loans and overdrafts (continued)

VLCC Singapore PTE Ltd.

Loan 1(SGD 633,800) is a commercial property loan obtained to finance the purchase of leasehold property and secured by the said property. The loan is repayable in 240 monthly instalments commenced from December 2009. The effective interest rate is 2.80% + 3 months SIBOR (2020: 2.80% + 3 months SIBOR) per annum. The balance outstanding at year end is AED 906,561.

Loan 2 (SGD 980,435) is a business property loan obtained to finance the purchase of another leasehold property and is secured by the said property. The loan is repayable in 240 monthly instalments commenced from June 2011. The effective interest rate during the year was 2.80% + 3 months SIBOR (2020: 2.80% + 3 months SIBOR per annum. The balance outstanding at year end is AED 1,596,049.

Loan 3 (SGD 500,000) is a bank loan obtained to finance the working capital requirement and is on a personal guarantee by the director and secured against the leasehold properties of the subsidiary. The loan is repayable in 300 monthly instalments commenced from July 2018. The effective interest rate during the year was 2.50% + 3 months SIBOR (2020: 2.50% + 3 months SIBOR). The balance outstanding at year end is AED 1,170,471.

Loan 4 (SGD 430,000) is a bank loan obtained to finance the working capital requirement and is on a personal guarantee by the director and secured against the leasehold properties of the subsidiary. The loan is repayable in 36 monthly instalments commenced from July 2018. The effective interest rate during the year was 2.18% (2020: 2.18%) per annum. The balance outstanding at year end is AED 369,254.

Loan 5 (SGD 73,000) is a bank loan obtained to finance the working capital requirement and is on a personal guarantee by the director . The loan is repayable in 36 monthly instalments commenced from July 2018. The effective interest rate during the year was 2.18% (2020: 2.18%) per annum. The balance outstanding at year end is AED 79,235.

Loan 6 (SGD 250,000) is a bank loan obtained to finance the working capital requirement and is on a personal guarantee by the director and secured against the leasehold properties of the subsidiary. The loan is repayable in 84 monthly instalments commenced from January 2020. The effective interest rate during the year was 2.18% per annum. The balance outstanding at year end is AED 643,517.

VLCC International – Kuwait Health Care Institute LLC

During the year, the subsidiary obtained a loan facility from an individual amounting to AED 606,120 (KD 50,000). The purpose of the loan is to develop the business premises, whether from updating devices, purchasing new devices or adding new services. The loan is payable in one instalment due on November 10, 2025. The term loan is guaranteed by the Parent Company, VLCC International Inc.

19 Trade and other payables

	2021 AED	2020 AED
Financial liabilities		
Trade payables	**27,655,848**	31,426,200
Accruals and other payables	**11,423,684**	9,178,960
Employees' end of service benefits (refer note 20.1)	**342,106**	372,686
Accumulated compensated absences (refer note 20.2)	**178,375**	182,171
VAT payable	**694,457**	474,754
	40,294,470	41,634,771
Non-financial liabilities		
Advances payment by customers	**151,056**	1,456,943
Current tax payable	**280,069**	1,037,585
	431,125	2,494,528
	40,725,595	44,129,299

20 Long term employee benefits

	2021 AED	2020 AED
Employees' end of service benefits – non - current (note 20.1)	**2,219,132**	2,273,495
Accumulated compensated absences – non - current (note 20.2)	**1,035,918**	1,003,542
	3,255,050	3,277,037

20.1 Employees' end of service benefits

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

	2021 AED	2020 AED
Balance at April 1,	**2,646,181**	2,856,511
Charge for the year	**857,235**	1,278,037
Payments during the year	**(936,802)**	(1,484,917)
Foreign currency translation difference	**(5,376)**	(3,450)
Balance at March 31,	**2,561,238**	2,646,181
Less: current portion (refer note 19)	**(342,106)**	(372,686)
Non-current portion (refer note 20)	**2,219,132**	2,273,495

Expense recognised in the consolidated statement of comprehensive income

	2021 AED	2020 AED
Interest cost*	**121,098**	158,622
Current service cost*	**443,165**	778,740
Actuarial loss through other comprehensive income*	**292,972**	340,675
	857,235	1,278,037

*Remeasurements - actuarial loss		
Effect of change in assumptions	**59,229**	362,299
Effect of experience adjustment	**233,743**	(21,624)
	292,972	340,675

20 Long term employee benefits (continued)

20.2 Accumulated compensated absences

	2021 AED	2020 AED
Interest cost*	121,098	158,622
Current service cost*	443,165	778,740
Actuarial loss through other comprehensive income*	292,972	340,675
	857,235	1,278,037

***Remeasurements - actuarial loss**		
Effect of change in assumptions	59,229	362,299
Effect of experience adjustment	233,743	(21,624)
	292,972	340,675

	2021 AED	2020 AED
Balance at April 1,	1,185,713	1,374,875
Disposal of subsidiary	-	181,764
Charge for the year	31,087	(347,949)
Foreign currency translation difference	(2,507)	(22,977)
Balance at March 31,	1,214,293	1,185,713
Less: current portion (note 19)	(178,375)	(182,171)
Non-current portion (note 20)	1,035,918	1,003,542

20.3 Key assumptions used by actuary

	2021	2020
Discount rate	7.19%	6.24%
Salary growth	4.00%	4.00% p.a.
Mortality table	IALM 2012-14	
Retirement age	60 years	60 years

21 Sensitivity analysis

	2021	2020
End of service benefits		
Discount rate + 100 basis points	(65,001)	(218,455)
Discount rate - 100 basis points	71,799	257,465
Salary growth + 100 basis points	72,410	260816
Salary growth - 100 basis points	(66,727)	(224,738)

Notes to the consolidated financial statements (continued)
For the year ended March 31, 2021

22 Revenue

	2021 AED	2020 AED
Services rendered	**80,309,451**	106,725,904
Product sales	**13,045,300**	17,807,148
Royalty income	**647,226**	1,044,165
	94,001,977	125,577,217

	2021 AED	2020 AED
Timing of revenue recognition		
Revenue recognised over time		
Rendering of services	**80,309,451**	106,725,904
Revenue recognised at a point in time		
Sale of products	**13,045,300**	17,807,148
Royalty income	**647,226**	1,044,165

23 Other Income

	2021 AED	2020 AED
Miscellaneous income	**1,004,901**	392,091
Income on Lease concession	**1,252,009**	-
Income on Lease termination	**471,860**	-
Gain on asset disposal	**26,427**	-
Interest earned on fixed deposit	**48,220**	87,658
	2,803,417	479,749

24 Cost of materials consumed

	2021 AED	2020 AED
Cost of raw material consumed (refer note 23.1)	**2,078,666**	2,705,332
Cost of packing material consumed (refer note 23.2)	**1,051,556**	1,382,373
Cost of consumables consumed (refer note 23.3)	**9,866,437**	11,800,400
Cost of traded goods sold (refer note 23.4)	**1,556,137**	2,082,231
Changes in finished goods	**263,633**	211,904
	14,816,429	18,182,240

24.1 Cost of raw material consumed

	2021 AED	2020 AED
Balance at the beginning of the year	**1,050,973**	932,882
Add: Purchases	**1,917,607**	2,823,423
	2,968,580	3,756,305
Less: Balance at the end of the year	**(889,914)**	(1,050,973)
	2,078,666	2,705,332

24 Cost of materials consumed (continued)

24.1 Cost of packing material consumed

	2021 AED	2020 AED
Balance at the beginning of the year	**837,465**	1,140,569
Add: Purchases	**994,906**	1,079,269
	1,832,371	2,219,838
Less: Balance at the end of the year	**(780,815)**	(837,465)
	1,051,556	1,382,373

24.2 Cost of consumables

	2021 AED	2020 AED
Balance at the beginning of the year	**2,962,248**	4,025,066
Add: Purchases	**9,708,142**	10,737,582
	12,670,390	14,762,648
Less: Balance at the end of the year	**(2,803,953)**	(2,962,248)
	9,866,437	11,800,400

24.3 Cost of traded goods sold

	2021 AED	2020 AED
Balance at the beginning of the year	**2,562,908**	1,549,632
Add: Purchases	**2,291,368**	3,095,507
	4,854,276	4,645,139
Less: Balance at the end of the year	**(3,298,139)**	(2,562,908)
	1,556,137	2,082,231

25 Administrative and general expenses

	2021 AED	2020 AED
Rent and license fees	**2,005,227**	2,955,327
Legal and professional fees	**1,228,806**	1,766,452
Repairs and maintenance – building, machinery and others	**1,303,556**	917,826
Communication	**1,004,820**	1,031,379
Office expenses	**972,226**	1,422,468
Housekeeping and laundry expenses	**911,736**	2,081,278
Water and electricity	**741,350**	1,164,551
Travelling, conveyance and vehicle maintenance	**672,190**	806,111
Insurance	**242,143**	207,694
Printing and stationary	**216,564**	226,359
Exchange loss	**115,111**	92,377
Misc. expenses	**1,700,541**	1,967,765
	11,114,270	14,639,587

Notes to the consolidated financial statements (continued)
For the year ended March 31, 2021

26 Depreciation

	2021 AED	2020 AED
Depreciation on property and equipment (refer note 8)	**11,448,909**	12,532,327
Depreciation on right of use assets (refer note 9)	**8,971,498**	9,257,552
	20,420,407	21,789,879

27 Finance costs

	2021 AED	2020 AED
Bank and credit card charges	**1,718,039**	2,447,248
Interest expense on lease liabilities	**1,476,324**	1,736,465
Interest on bank term loans	**989,173**	1,575,334
Interest on bank overdrafts	**78,589**	90,000
	4,262,125	5,849,047

28 Current and deferred tax

The components of income tax expense in the consolidated statement of comprehensive income are as follows:

	2021 AED	2020 AED
Opening deferred Tax		
Deferred tax assets	**313,436**	179,936
Deferred Tax Liabilities	**(94,896)**	(114,783)
Net deferred tax asset	**218,540**	**65,153**
Recognised in statement of profit or loss and other comprehensive income	**327,265**	**159,774**
Exchange diff	**(6,030)**	**(6,387)**
Closing deferred Tax		
Deferred tax assets	**539,775**	313,436
Deferred Tax Liabilities	-	-94,896
Net deferred tax asset	**539,775**	**218,540**
Current tax	**272,885**	**1,098,023**
Tax for Prior period	**120,384**	-
Deferred income tax		
Relating to origination of temporary differences	**(327,265)**	**(159,774)**
Net income and deferred tax expense for the year	**66,004**	**938,249**

Notes to the consolidated financial statements (continued)
For the year ended March 31, 2021

29 Related parties

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

29.1 Amounts due from a related party

	2021 AED	2020 AED
Ultimate parent company		
VLCC Health Care Limited	**1,305,222**	898,734
Less: Allowance for expected credit losses	**(149,563)**	-
	1,155,659	898,734

29.2 Amounts due to a related party

	2021 AED	2020 AED
Under common control		
VLCC Personal Care Limited	**17,176,319**	17,478,587

29.3 Transactions with related parties

	2021 AED	2020 AED
Purchases from VLCC Personal Care Ltd	**665,189**	1,054,566
Purchases from VLCC Healthcare Ltd	-	14,683
Sales to VLCC Personal Care Ltd	-	27,931
Sales to VLCC Health Care Ltd	**551,226**	884,494

29.4 Key management personnel compensation

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

	2021 AED	2020 AED
Salaries and other benefits:	**555,021**	1,329,500
End of service benefits	**4,667**	300,000

30 Financial instrument risk

Risk management objectives and policies

The Group's risk management is coordinated at the Ultimate Parent level, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described ahead:

30.1 Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its operating and investing activities.

Foreign currency risk

Most of the Group's transactions are carried out in United States Dollar (USD) and Arab Emirates Dirham (AED). Exposures to currency exchange rates arise from the Group's overseas purchases, which are denominated in multiple currencies.

To mitigate the Group's exposure to foreign currency risk, non-AED cash flows are monitored in accordance with the Group's risk management policies. The AED is effectively pegged to the USD, thus currency rate risk occurs only in respect of other currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are as disclosed below:

	Net exposure	
	2021	2020
	AED	AED
Net liability		
Qatari Riyal (QAR)	**(4,454,995)**	(3,376,088)
Singapore Dollar (SGD)	**(1,981,218)**	(2,306,333)
Bangladeshi Taka (BDT)	**(2,365,099)**	(2,126,469)
Malaysian Ringgit (MYR)	**(1,709,259)**	(4,735,167)
Omani Riyal (OMR)	**(2,450,796)**	(1,893,587)
Kuwaiti Dinar (KWD)	**(1,322,954)**	(1,491,849)
Kenyan Shilling (KES)	**(119,481)**	(126,379)
Sri Lankan Rupee (LKR)	**(181,055)**	(88,622)

The table shown on the next page illustrates the sensitivity of profit in regard to the Group's financial assets and financial liabilities. It assumes a ±10% change of exchange rate with AED at March 31, 2021 (2020: ±10%). The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

30 Financial instrument risk

30.1 Market risk (continued)

Foreign currency risk (continued)

A 10% weakening of the AED against foreign currencies at March 31, 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant If the AED had strengthened against other currencies by 10% (2020: 10%) then this would have had the following impact:

	Other comprehensive income (gain for the year)	
	2021	2020
	AED	AED
Qatari Riyal (QAR)	**445,500**	687,960
Omani Riyal (OMR)	**245,080**	33,986
Malaysian Ringgit (MYR)	**170,926**	235,626
Kuwaiti Dinar (KWD)	**132,295**	394,047
Kenyan Shilling (KES)	**11,948**	60,747
Singapore Dollar (SGD)	**198,122**	637,210
Sri Lankan Rupee (LKR)	**18,106**	3,956
Bangladeshi Taka (BDT)	**236,510**	166,950

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk with respect to its borrowings. The Group's borrowings are based on fixed rate or combination of fixed and variable rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Positions are monitored regularly to ensure positions are maintained within established limits. The Group does not have any off balance sheet financial instrument to manage the interest rate risk. As at the end of the year, the interest rate profile of the Group's financial liabilities is disclosed on the following page.

Interest rate sensitivity analysis

	2021	2020
	AED	AED
Sources of the sensitivity analysis		
Term loans (note 18)	**19,061,903**	22,209,074
Bank overdrafts (note 18)	**1,680,155**	2,279,754
	20,135,938	24,488,828

The table shown below illustrates the sensitivity of profit to a reasonably possible change in interest rates of ±100 basis points (March 31, 2020: ±100 basis points). This change is considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

30 Financial instrument risk (continued)

30.1 Market risk (continued)

Interest rate risk (continued)

	Impact on Consolidated statement of income	
	AED	AED
	+100 bps	-100 bps
March 31, 2021	**(201,260)**	**201,260)**
March 31, 2020	244,888	(244,888)

30.2 Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including bank balance and cash , trade and other receivables. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2020
	AED	AED
Classes of financial assets - carrying amounts:		
Trade and other receivables (note 12)	**6,466,879**	8,114,431
Bank balance (note 13)	**5,419,148**	3,480,722
Amounts due from a related party (note 28)	**1,155,659**	898,734
Total carrying amount	**13,041,686**	12,493,887

The Group's management considers that all the financial assets are not impaired or past due at each of the reporting dates and are of good credit quality.

Trade and other receivables

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

	Total	Neither past due nor impaired	Trade receivables past due		
			0-90 Days	91-180 days	More than 180 Days
	AED	AED	AED	AED	
March 31, 2021					
Expected credit loss rate					
Gross carrying amount	**3,509,779**	**-**	**1,400,225**	**292,977**	**1,816,577**
Lifetime expected credit loss	**(1,914,459)**	**-**	**(23,039)**	**(74,843)**	**(1,816,577)**
March 31, 2020					
Expected credit loss rate					
Gross carrying amount	3,285,347	-	1,981,552	391,943	911,852
Lifetime expected credit loss	(911,852)	-	-	-	(911,852)

30 Financial instrument risk (continued)

30.2 Credit risk (continued)

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

Cash at banks

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

30.3 Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and borrowing facilities utilised are monitored. The Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised ahead:

	Current within 1 year AED	Non-current More than 1 year AED	Total AED
March 31, 2021			
Trade and other payables (note 19)	**39,600,013**	**-**	**39,600,013**
Bank loans and overdrafts (note 18)	**10,716,998**	**10,025,060**	**20,742,058**
Lease liabilities (note 10)	**9,143,335**	**16,114,754**	**25,258,089**
	59,460,346	**26,139,814**	**85,600,160**
March 31, 2020			
Trade and other payables (note 19)	41,160,017	-	41,160,017
Bank loans and overdrafts (note 18)	12,271,961	12,442,083	24,714,044
Lease liabilities (note 10)	8,167,423	16,179,614	24,347,037
	61,599,401	28,621,697	90,221,098

31 Fair value measurement

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

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

None of the Group's assets and liabilities have been measured at fair value at year end. Accordingly, the fair value hierarchy disclosure which requires a three-level category of fair value presentation does not have significant disclosure impact to the consolidated financial statements.