VLCC Overseas Limited

Separate Financial Statements
For the year ended March 31, 2021

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Table of contents

Grant Thornton
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Independent Auditor's Report
To the Shareholder of VLCC Overseas Limited

Report on the Audit of Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of VLCC Overseas Limited ("the Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 separate financial statements are presented fairly in all material respects, the financial position of the Company 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics as issued by International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of Jebel Ali Free Zone Authority Offshore Companies Regulations 2018, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Independent Auditor's Report
To the Shareholder of VLCC Overseas Limited

Report on the Audit of Separate Financial Statements (continued)

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

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

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

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

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

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

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

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Independent Auditor's Report

To the Shareholder of VLCC Overseas Limited

Report on the Audit of Separate Financial Statements (continued)

Report on other legal and regulatory requirements

As required by the Jebel Ali Free Zone Offshore Companies Regulations 2018, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company. To the best of our knowledge and belief, no violations of the above mentioned laws have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

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

Grant Thornton
Farouk Mohamed
Registration No. 86
Dubai, June 16, 2021

VLCC Overseas Limited
Separate Financial Statements

Statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Investment in subsidiaries	6	**7,131,755**	7,131,755
		7,131,755	7,131,755
Current			
Trade receivables		**197,608**	109,762
Amount due from related parties	7	**-**	255,640
Cash and cash equivalents	8	**463**	2,309
		198,071	367,711
TOTAL ASSETS		**7,329,826**	7,499,466
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**10,000**	10,000
Additional capital contribution	10	**6,545,051**	7,198,696
Retained earnings		**718,528**	203,126
TOTAL EQUITY		**7,273,579**	7,411,822
Liabilities			
Current			
Accruals and other payables		**56,247**	87,644
TOTAL LIABILITIES		**56,247**	87,644
TOTAL EQUITY AND LIABILITIES		**7,329,826**	7,499,466

Sandeep Ahuja
Director
Dubai, United Arab Emirates

The accompanying notes 1 to 15 form an integral part of these separate financial statements.

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

	Notes	2021 AED	2020 AED
Revenue	11	**418,667**	520,630
Dividend income	13	**616,907**	924,002
Administrative and general expenses	12	**(520,172)**	(63,289)
Related party balances written off		**-**	(598,845)
Provision for impairment loss on trade receivables		**-**	(53,749)
Provision for impairment loss on investment in a subsidiary		**-**	(526,759)
Investment for sale written off		**-**	(371)
NET PROFIT FOR THE YEAR		**515,402**	201,619
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**515,402**	201,619

The accompanying notes 1 to 15 form an integral part of these separate financial statements.

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

	Share capital AED	Additional capital contribution AED	Retained earnings AED	Total equity AED
Balance at April 1, 2019	10,000	8,362,663	1,507	8,374,170
Profit for the year	-	-	201,619	201,619
Total comprehensive income for the year	-	-	201,619	201,619
Transactions with owners recorded directly in equity				
Net movement in shareholder's account	-	(1,163,967)	-	(1,163,967)
Balance at March 31, 2020	10,000	7,198,696	203,126	7,411,822
Balance at April 1, 2020	10,000	7,198,696	203,126	7,411,822
Profit for the year	-	-	515,402	515,402
Total comprehensive income for the year	-	-	515,402	515,402
Transactions with owners recorded directly in equity				
Net movement in shareholder's account	-	(653,645)	-	(653,645)
Balance at March 31, 2021	**10,000**	**6,545,051**	**718,528**	**7,273,579**

The accompanying notes 1 to 15 form an integral part of these separate financial statements.

Separate Statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	2020 AED
Cash flows from operating activities			
Net profit for the year		**515,402**	201,619
Adjustments for:			
Provision for impairment of investment in subsidiary	6	-	526,759
Provision for impairment of trade receivables		-	53,749
Dividend income	13	**(616,907)**	(924,002)
Available-for-sale investment written off		-	371
		(101,505)	(141,504)
Net changes in working capital:			
Change in trade receivables		**(87,846)**	314,591
Change in amounts due from related parties		**255,640**	1,101,941
Change in accruals and other payables		**(31,397)**	(50,738)
Change in amount due to a related party		-	(982,348)
Net cash used in operating activities		**34,892**	241,942
Cash flows from investing activities			
Payment made to change nominee shareholder		-	(185)
Cash flows from financing activities			
Dividend income received	13	**616,907**	924,002
Net movement in Shareholders account	10	**(653,645)**	(1,163,967)
		(36,738)	(239,965)
Net change in cash and cash equivalents		**(1,846)**	1,792
Net cash and cash equivalents, beginning of year		**2,309**	517
Cash and cash equivalents, end of year	8	**463**	2,309

The accompanying notes 1 to 15 form an integral part of these separate financial statements.

1 Legal status and nature of operations

VLCC Overseas Limited (the "Company") is a limited liability company registered under the license no. 138362 issued by Jebel Ali Free Zone Authority, Dubai, United Arab Emirates (UAE) on May 3, 2010. The Company was formed under the applicable law of Jebel Ali Free Zone. The registered office of the Company is P.O. Box 43640, Dubai, U.A.E.

The Company is a wholly owned subsidiary of VLCC International Inc. (the "Parent Company"), a limited liability company incorporated in the British Virgin Islands. The ultimate parent of the Company is VLCC Health Care Limited (the "Ultimate Parent"), a limited liability company incorporated in India. These separate financial statements does not consolidate the activities of the subsidiary; rather they represent the results of operations and financial position of the Company alone. Since the Parent Company consolidates the investment in subsidiaries of the Company, no consolidated financial statements were prepared for the Company. The financial statements of the Ultimate Parent are available at its registered office which is M-14, Greater Kailash II Commercial Complex, New Delhi – 110048, India.

The Company's principal activities are to invest in shares, debentures, bonds etc., to act as an investment and holding company, general trading outside UAE mainly in cosmetics, nutraceuticals, beauty products, beauty equipment, health care equipment, wellness products and equipment, franchising, to own properties in UAE approved by Jebel Ali Free Zone, to hold investments, develop, buy, sell and lease properties worldwide.

These separate financial statements for the year ended March 31, 2021 were approved on June 16, 2021.

2 Statement of compliance

These separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of the Jebel Ali Free Zone Offshore Companies Regulations 2018.

3 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 Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's financial and non-financial assets; thus, there were no impairment made as at March 31, 2020. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal 2021.

4 Standards, interpretations and amendments to existing standards

4.1 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 March 31, 2020 and have been adopted by the Company:

- 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)

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

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020 (continued)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

Management have assessed the implementation of this new standard and determined that it has no material impact on leases in terms of the amount and timing of lease recognition. Summary of significant accounting policies

5 Summary of significant accounting policies

5.1 Overall considerations

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

5.2 Basis of Preparation

These financial statements are "separate financial statements" of the company (i.e. prepared in accordance with International Accounting Standard (IAS) 27, Separate Financial Statements ("IAS 27") on a "standalone basis" with investment in subsidiaries recorded at cost less any accumulated impairment). As permitted under International Financial Reporting Standard (IFRS) 10, Consolidated Financial Statements ("IFRS 10"), paragraph 4 (a) consolidated financial statements as at 31 March 2020, are also presented by the Company.

5.3 Foreign currency

i. Functional and presentation currency

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

ii. Foreign currency transactions and balances

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

5 Summary of significant accounting policies (continued)

ii. Foreign currency transactions and balances (continued)

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

5.4 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

All subsidiaries have a reporting date of March 31.

5.5 Financial instruments

i. Recognition and derecognition

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

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

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

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

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

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

5 Summary of significant accounting policies (continued)

5.5 Financial instruments (continued)

ii. Financial assets at amortised cost

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

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

iii. Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the 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.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

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

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

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

5 Summary of significant accounting policies (continued)

5.5 Financial instruments (continued)

iv. Trade and other receivables

The Company 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 Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been Compared based on the days past due. Refer to note 14 under credit risk analysis for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

v. Financial liabilities

The Company's financial liabilities include bank borrowings, bank overdraft, trade and other payables and amounts due to related parties.

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

vi. Available-for-sale investment

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. After initial recognition, these are measured at fair value. When fair value cannot be reliably estimated, they are measured at cost less any impairment charges. Impairment charges are recognised in profit or loss.

Available-for-sale financial assets comprise equity investment in unquoted companies.

These are included in non-current assets unless the investment matures or management intends to dispose of within twelve months of the end of the reporting period.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'. Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

vii. Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the separate income statement. Impairment for assets carried at cost is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

5 Summary of significant accounting policies (continued)

5.5 Financial instruments (continued)

Viii Classification and subsequent measurement of financial liabilities

The Company's financial liabilities are its accrued expenses.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance income/ (costs) – net', if any.

ix. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amounts is reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.6 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts and are initially and subsequently recorded at fair value.

For purpose of the statement of cash flows, all cash and bank balances including bank overdraft are considered to be cash and cash equivalents.

5.7 Equity

Share capital represents the nominal value of shares that have been authorised, issued and paid as disclosed in note 10.

Additional contributed capital represents the amount paid by the Parent Company to the Company against the future issue of share capital.

Accumulated loss includes all current and previous period loss.

5.8 Provisions and contingent liabilities

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

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

5 Summary of significant accounting policies (continued)

5.8 Provisions and contingent liabilities (continued)

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.

5.9 Revenue

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

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

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

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

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

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

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

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

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

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

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

5 Summary of significant accounting policies (continued)

5.9 Revenue (continued)

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

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

Franchisee sign-up fee revenue
Franchisee sign-up fee revenue is recognized when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company.

Royalty income
Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income
Dividend income is recognised in the profit and loss when the right to receive the dividend has been established and is on the date the dividend is declared.

5.10 Operating expenses

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

5.11 Significant management judgement in applying accounting policies

When preparing the separate financial statements management undertakes a number of judgments, 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.

i. Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

ii. Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

5 Summary of significant accounting policies (continued)

5.11 Significant management judgement in applying accounting policies (continued)

ii. Impairment of non-financial assets

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.

iii. Provision for expected credit losses of accounts receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and refundable deposits. The provision rates are based on days past due for groupings of various customers that have similar loss patters (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance.)

The provision matrix is initially based on the Company's historical observed default rates. The Company then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyse.

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

6 Investment in subsidiaries

The Company holds investments in the following subsidiaries as at March 31:

	Ownership interest (%) 2021	Ownership interest (%) 2020	Country of incorporation and operation	Principal activity
VLCC Healthcare (Bangladesh) Pvt. Ltd.	**100**	100	Bangladesh	Operating beauty, slimming, fitness and health care.
VLCC Healthcare Lanka (Private) Limited	**100**	100	Sri Lanka	Operating beauty, slimming, fitness and health care.
VLCC Education Lanka (Private) Limited	**100**	100	Sri Lanka	General commercial company.
VLCC Personal Care Bangladesh Pvt. Ltd.	**100**	100	Bangladesh	Manufacturing and trading company.

Investments in subsidiaries as at March 31 are as follows:

	2021 AED	2020 AED
VLCC Healthcare (Bangladesh) Pvt. Ltd.	**4,138,847**	4,138,847
VLCC Healthcare Lanka (Private) Limited	**2,992,907**	2,992,907
VLCC Education Lanka (Private) Limited	**1**	1
VLCC Personal Care Bangladesh Pvt. Ltd. (refer (i) below)	**526,759**	526,759
	7,658,514	7,658,514
Provision for impairment on investment in a subsidiary (refer (i) below)	**(526,759)**	(526,759)
	7,131,755	7,131,755

(i) The investment in VLCC Personal Care Bangladesh Pvt. Ltd have been fully impaired as at year end on account of no operations for the past 28 months.

6.1 Provision for impairment

VLCC Personal Care Bangladesh Pvt. Ltd	2021 AED	2020 AED
Balance at April 01	**(526,759)**	-
Add: charge for the year	**-**	(526,759)
Less: reversal during the year	**-**	-
Balance at March 31	**(526,759)**	(526,759)

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

7 Related party balances and transactions

The Company in the normal course of business carries on transactions with other enterprises that fall within the definition of related party. These transactions are carried out in the normal course of business and are measured at the amounts agreed to by both the parties.

The Company's related parties include its related parties and key management as described below.

7.1 Transactions with related parties

	2021	2020
	AED	AED
Entity under common control:		
Dividend income	**616,907**	924,002
Transfers to Parent Company	**902,364**	255,640
Expenses incurred on behalf of the Company	**500,000**	63,289

7.2 Amounts due from related parties

	2021	2020
	AED	AED
Entities under common control:		
VLCC International Inc.	-	255,640
	-	1,357,581

8 Cash and cash equivalents

	2021	2020
	AED	AED
Cash at bank	**463**	2,309

9 Share capital

	2021	2020
	AED	AED
Authorised, issued and paid up capital		
1,000 shares of AED 10 each	**10,000**	10,000

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

10 Additional contributed capital

Additional contributed capital represents additional capital introduced by shareholders in order to facilitate the new investments. Additional contributed capital will be converted into the share capital in the near future. The movement in contributed capital is because the Company has transferred all related party balances to parent company with the consensus of shareholders.

11 Revenue

	2021 AED	2020 AED
Franchisee sign-up fee revenue (refer (i) below)	**44,289**	47,708
Royalty income (refer (ii) below)	**374,378**	472,922
	418,667	520,630

(i) Franchisee sign-up fee revenue is recognized when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company.

(ii) Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

12 Administrative and general expenses

	2021 AED	2020 AED
Salaries, benefits and other related costs	**300,000**	-
Office and administration expenses	**200,132**	-
Others	**20,040**	13,289
Communication expenses	-	25,000
Travelling and conveyance expenses	-	25,000
	520,172	63,289

13 Dividend income

Dividend income represents cash dividend declared by the Company's subsidiary VLCC Healthcare (Bangladesh) Pvt Ltd. There was AED 616,907 dividend declared in the current year (2020: AED 924,002).

14 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments.

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

14 Financial instrument (continued)

Risk management objectives and policies (continued)

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

The most significant financial risks to which the Company is exposed are described below.

14.1 Foreign currency risk

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

14.2 Interest rate risk

The Company has no significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. Hence, the risk is considered to be minimal.

14.3 Credit risk

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

	2021 AED	2020 AED
Classes of financial assets - carrying amounts:		
Trade receivables	**197,608**	109,762
Amounts due from related parties	**-**	255,640
Cash and cash equivalents	**463**	2,309
	198,071	367,711

Trade and other receivables

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

14 Financial instrument (continued)

Risk management objectives and policies (continued)

Trade and other receivables (continued)

The expected loss rates are based on the payment profile for sales over the past 24 months before March 31, 2021 and March 31, 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 1 year from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Cash at banks

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

14.4 Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments. All the Company's financial liabilities are non-derivative and have contractual maturities of less than twelve months from the reporting date and do not carry any interest.

14.5 Capital management policies and procedures

The Company's objective when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of equity as disclosed in the statement of financial position. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt. Capital for the reporting periods under review is summarised below:

	2021 **AED**	2020 AED
Total equity	**7,273,579**	7,411,822

15 Fair values of financial instruments

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); and

- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.