KALYAN JEWELLERS LLC

Report and financial statements
for the year ended 31 March 2023

KALYAN JEWELLERS LLC

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Independent auditor's report to the Shareholders of Kalyan Jewellers LLC

Opinion

We have audited the financial statements of **Kalyan Jewellers LLC** (the "Company"), which comprise the statement of financial position as at 31 March 2023, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, 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.

Emphasis of Matter

We draw attention to Note 1.1, which describes that the financial statements have been prepared on a going concern basis as a major shareholder have committed to providing financial support to the Company to enable it to meet its obligations when they fall due. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

We communicate with management and 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.

Deloitte & Touche

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
14 June 2023

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Statement of financial position
as at 31 March 2023

	Notes	2023 RO	2022 RO
ASSETS			
Non-current assets			
Property and equipment	5	1,526,556	1,653,612
Right-of-use assets	6	3,494,506	3,267,172
Deferred tax asset - net	17	-	222,756
Total non-current assets		5,021,062	5,143,540
Current assets			
Inventories	7	5,165,162	6,287,450
Trade and other receivables	8	226,624	185,617
Cash and cash equivalents	9	149,225	304,424
Total current assets		5,541,011	6,777,491
Total assets		10,562,073	11,921,031
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	250,000	250,000
Capital contribution	18	4,999,089	3,000,000
Legal reserve	10	14,083	14,083
Accumulated losses		(1,949,037)	(1,356,002)
Total equity		3,314,135	1,908,081
Non-current liabilities			
Lease liabilities	6	291,539	95,414
End of service benefits	12	11,624	12,807
Total non-current liabilities		303,163	108,221
Current liabilities			
Trade and other payables	11	1,003,194	808,090
Due to related parties	18	473,594	954,119
Loan from parent company	18	5,296,244	8,050,168
Current portion of lease liabilities	6	171,743	92,352
Total current liabilities		6,944,775	9,904,729
Total liabilities		7,247,938	10,012,950
Total equity and liabilities		10,562,073	11,921,031

Director

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

V. Vrushnamoorthy

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KALYAN JEWELLERS L.L.C

Statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Notes	2023 RO	2022 RO
Revenue	**13**	**10,796,191**	8,073,418
Cost of sales	**14**	**(9,460,053)**	(6,931,369)
Gross profit		**1,336,138**	1,142,049
General and administrative expenses	**15**	**(1,240,452)**	(964,024)
Other income		**28,951**	88,975
Finance cost	**16**	**(494,916)**	(500,984)
Loss before taxation		**(370,279)**	(233,984)
Taxation	**17**	**(222,756)**	32,345
Loss for the year and total comprehensive loss		**(593,035)**	(201,639)

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

Statement of changes in equity for the year ended 31 March 2023

	Share capital RO	Capital contribution RO	Legal reserve RO	Accumulated losses RO	Total RO
At 1 April 2021	250,000	3,000,000	14,083	(1,154,363)	2,109,720
Loss for the year and total comprehensive loss	-	-	-	(201,639)	(201,639)
At 31 March 2022	250,000	3,000,000	14,083	(1,356,002)	1,908,081
Loss for the year and total comprehensive loss	**-**	**-**	**-**	**(593,035)**	**(593,035)**
Additional capital contribution during the year (Note 18)	**-**	**1,999,089**	**-**	**-**	**1,999,089**
At 31 March 2023	**250,000**	**4,999,089**	**14,083**	**(1,949,037)**	**3,314,135**

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

Statement of cash flows
for the year ended 31 March 2023

	2023	2022
	RO	RO
Cash flows from operating activities		
Loss before tax	**(370,279)**	(233,984)
Adjustment for:		
Depreciation of property and equipment (note 5)	**163,790**	159,603
Amortization of right-of-use assets (note 6)	**206,877**	184,549
Finance cost	**494,916**	501,084
End of service benefits (note 12)	**3,469**	2,251
Operating cash flow before changes in working capital	**498,773**	613,503
Changes in working capital:		
Trade and other receivables	**(41,007)**	7,171
Inventories	**1,122,288**	(1,726,669)
Due to related parties	**(480,525)**	954,119
Trade and other payables	**195,104**	184,293
Cash flow generated from operating activities	**1,294,633**	32,417
Payment for end of service benefits (note 12)	**(4,652)**	(881)
Net cash generated from /(used in) operating activities	**1,289,981**	31,536
Cash flows from investing activities		
Acquisition of right of use assets - key money	**-**	(177,037)
Payment for purchase of property and equipment (note 5)	**(36,734)**	(81,283)
Net cash used in investing activities	**(36,734)**	(258,320)
Cash flows from financing activities		
Repayment of long term loan	**-**	(330,000)
Short term borrowings received / (repaid) from bank	**-**	(1,560,517)
Decrease/ (increase) in margin deposits	**-**	380,000
Repayment of the lease liabilities	**(158,695)**	(48,437)
(Payment of) /proceeds from related party loan	**(754,835)**	2,335,311
Finance cost paid	**(494,916)**	(500,737)
Net cash (used in)/generated from financing activities	**(1,408,446)**	275,620
Net change in cash and cash equivalents	**(155,199)**	48,836
Cash and cash equivalents at the beginning of the year	**304,424**	255,588
Cash and cash equivalents at the end of the year (note 9)	**149,225**	304,424

Non cash transactions have been disclosed in Note 3.

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

Notes to the financial statements for the year ended 31 March 2023

1. General

Kalyan Jewellers LLC (the "Company") is a Limited Liability Company registered in Muscat, Sultanate of Oman on 10 August 2017 as per commercial registration certificate No. 1300194 issued by the Ministry of Commerce and Industry. The Company's registered office is at Building No. 4282, First Floor, Ruwi High Street, Ruwi, Sultanate of Oman.

The Company is a subsidiary of Kalyan Jewellers FZE (the "Parent Company") and ultimate controlling party is Kalyan Jewellers India Ltd (the "Ultimate Parent Company").

The principal activities of the Company include retail sales and wholesale of jewellery, watches, cosmetics and perfumes.

These financial statements are presented in Rial Omani (RO) since that is the currency of the country in which the majority of the Company’s transactions are denominated.

1.1 Going concern

As at 31 March 2023, the Company has the accumulated losses amounted to RO 2,113,497 (2022: RO 1,356,002) and as of that date the current liabilities exceeded current assets by RO 1,403,764 (2022: RO 3,127,238). The Company will be able to continue as a going concern with the continuing financial support of its shareholders and profitable operations. One of the shareholders has confirmed to the management of the Company that they will provide adequate financial support to the Company to meet its obligations as they fall due and the management believes that the Company will be able to make profitable operations in the future. Accordingly, these financial statements have been prepared on a going concern basis.

2. Application of New and Revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs that are effective for the current year

In the current period, the company has applied a number of other amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2022. The adoption of the following IFRSs have not had any material impact on the disclosures or on the amounts reported in these financial statements and are listed below.

- Amendments to IFRS 3 – *Reference to the conceptual framework*
- Amendments to IAS 16 – *Property, plant and equipment – proceeds before intended use*
- Amendments to IAS 37 – *Onerous contracts – cost of fulfilling a contract*
- Annual improvements to IFRS Standards 2018-2020 cycle. Amendments to IFRS 1 First-time adoption of IFRS, IFRS 9 Financial instruments, IFRS 16 Leases, and IAS 41 Agriculture

The above amendments had no impact on the financial statements of the Company.

2. Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS standards and interpretations but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	1 January 2023
Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted
Amendments to IAS 1 – *classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8 - Definition of accounting estimates	1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

3. Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies am set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

These policies have been consistently applied to all the years presented, except for changes in accounting policies as stated below:

Revenue recognition

The Company recognises revenue from the sale of Jewellery goods. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

The Company sells Jewellery goods directly to customers through its own retail outlets. In respect of sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Sale of goods
Revenue from the sale of goods is recognised at a point in time when control of the goods is passed, at which time all the following conditions are satisfied:

- The performance obligation has been satisfied by the Company;
- The Company has transferred control of the goods to the customer;
- The Company has transferred the significant risks and rewards related to the ownership of the goods to the customer;
- The Company has a present right to payment for the goods delivered;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Other income
Other income is recognized when the Company's right to receive payments is established.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of these financial statements, the financial performance and financial position of the Company are expressed in Rial Omani which is the functional currency of the Company and the presentation currency for these financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statement of comprehensive income.

Inventories

The cost of diamond jewellery and other precious stone jewellery are determined based on the specific identification method.

The cost of gold and gold jewellery (including making charges), owned by the Company is determined on the basis of closing rate.

Cost of unfixed gold is determined on the basis of bullion rate prevailing as at the date of reporting and a corresponding liability towards suppliers is recorded for the same amount.

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

	Years
Furniture and fixtures	15
Electrical equipment	10
Computer and software	3
Plant and machinery	15
Vehicles	10

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate, accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Assets in the course of construction are carried at cost as capital work in progress, and are transferred to property, plant or equipment when commissioned. No depreciation is charged on such assets until asset is ready for use.

Borrowing costs

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

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

Leasing

The Company as lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the financial statements
for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Leasing (continued)

The Company as lessee (continued)
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease;
- The lease liability is presented as a separate line in the statement of financial position;
- The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made;
- The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever;
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The above adjustments do not effect the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs, including key money paid. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Leasing (continued)

The Company as lessee (continued)
The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Impairment of tangible and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash- generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification of financial assets
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets are classified as financial assets at amortized cost. The Company has no financial assets which are classified as financial assets measured at fair value through other comprehensive income or fair value through profit and loss.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss".

Recognition / derecognition
A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership and has not retained control. If the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as “at fair value through profit or loss”.

Financial assets at amortised cost
A financial asset is measured at amortised cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade and other receivables, due from associates and other assets are classified as financial assets at amortised cost.

Financial liabilities
Financial liabilities “other than at fair value through profit or loss” are subsequently measured and carried at amortized cost using the effective yield method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses (“ECL”) on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Measurement (continued)

Impairment of financial assets (continued)
Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Measurement (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Despite the aforegoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Measurement (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 365 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the financial statements
for the year ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Measurement (continued)

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, all cash and bank balances and overdraft including short-term deposits with a maturity of three months or less from the date of placement, are considered to be cash and cash equivalents.

Contingent liabilities

Contingent liabilities are not recognised/recorded in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially at the reporting date, and any adjustment to income tax payable in respect of previous years.

3. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or benefit in the statement of profit or loss and other comprehensive income except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Employee benefits

Liabilities recognised in respect of employee benefits are measured at their nominal value using the current remuneration. End of service benefit for Omani employees are contributed in accordance with the terms of the Social Securities Law 1991 and Civil Service Employees Pension Fund Law

Provision for employee benefits is accrued having regard to the requirements of the Oman Labour Law 2003 as amended or in accordance with the terms and conditions of the employment contract with the employees, whichever is higher. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

4. Critical accounting judgments and key sources of estimation

While applying the accounting policies as stated in note 3, management of the Company has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical accounting judgments and key sources of estimation (continued)

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Residual value of right-of-use assets
The Company’s management has determined that the residual value of the right-of-use assets is equivalent to the key money paid at the commencement of the lease amounting to 3,037,673 (2022: RO 3,037,673). On an annual basis, the management reviews the residual values to determine whether they are recoverable or have been impaired.

Contribution from shareholder
Contribution from a shareholder represents additional funds provided by the shareholder and is classified as equity. In determining whether the funds from a shareholder is a financial liability or an equity instrument, management has considered the detailed criteria set out in IAS 32 *Financial Instruments: Presentation and disclosure*. Further, management also considered the fact that there is no interest on the funds and there are no contracted obligations to repay the amount and repayment is at the discretion of the Company. Management is satisfied that it is appropriately classified as equity in the statement of financial position.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of right-of-use asset
As at 31 March 2023, management assessed whether there are indications that right-of-use assets which are included in its statement of financial position at 31 March 2023 at RO 3,494,506 (2022: RO 3,267,172) are not impaired. The management considers the recoverable amount of right-of-use assets to be most sensitive to the achievement of the forecasted budget. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the management. Whilst the Company is able the manage most of the costs, the revenue projections are inherently uncertain due to the short-term nature of the business and unstable market conditions. Revenue of the CGUs is most sensitive to change in the market price of gold as the CGUs products are used by companies operating in that marketplace. The sensitivity analysis in respect of the recoverable amount of right-of-use assets is presented in note 6.

Estimation of the lease term and useful lives of right-of-use assets recognized under IFRS 16
The Company has leased show rooms, office premises and warehouse for a period ranging from 1 to 5 years. Management determined the lease contract considering the remaining the lease term. Accordingly, management considers the estimated useful life of the right-of-use assets for the remaining the lease term.

Notes to the financial statements for the year ended 31 March 2023 (continued)

4. Critical accounting judgments and key sources of estimation (continued)

Key sources of estimation uncertainty (continued)

Incremental borrowing rate
The Company's management determines the present value of future lease payments by discounting using incremental borrowing rate. Incremental borrowing rate is set at 6.5% (2022: 6.5%). Management assumes that the Company can obtain borrowings at a rate equivalent 6.5% (2022: 6.5%) for a similar amounts, terms and security.

Information on the carrying amount of right-of-use asset and lease liabilities and sensitivity of those amounts to changes in discount rates are provided in note 6.

Leasehold improvements
Cost of furniture and fittings include leasehold improvements and management determines the estimated useful lives and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Company will renew its annual lease over the estimated useful life and the depreciation charge could change if the annual lease is not renewed. Management will increase the depreciation charge where useful lives are less than previously estimated lives.

5. Property and equipment

	Furniture and fixtures RO	Electrical equipment RO	Computer and software RO	Plant and machinery RO	Vehicles RO	Total RO
Cost						
At 1 April 2021	2,003,019	217,571	12,401	14,506	-	2,247,497
Additions	69,885	9,367	500	1,531	-	81,283
At 31 March 2022	2,072,904	226,938	12,901	16,037	-	2,328,780
Additions	**22,207**	**-**	**210**	**2,817**	**11,500**	**36,734**
At 31 March 2023	**2,095,111**	**226,938**	**13,111**	**18,854**	**11,500**	**2,365,514**
Accumulated depreciation						
At 1 April 2021	438,143	63,190	11,955	2,277	-	515,565
Charge for the year	135,966	22,123	522	992	-	159,603
At 31 March 2022	574,109	85,313	12,477	3,269	-	675,168
Charge for the year	**138,785**	**22,632**	**199**	**1,191**	**983**	**163,790**
At 31 March 2023	**712,894**	**107,945**	**12,676**	**4,460**	**983**	**838,958**
Carrying amount						
At 31 March 2023	**1,382,217**	**118,993**	**435**	**14,394**	**10,517**	**1,526,556**
At 31 March 2022	1,498,795	141,625	424	12,768	-	1,653,612

6. Right-of-use assets and related lease liabilities

	2023 RO	2022 RO
Cost		
At 1 April	**3,806,383**	3,725,121
Additions	**434,211**	177,037
Deletion due to renewal	**(554,195)**	(95,775)
At 31 March	**3,686,399**	3,806,383
Amortization		
At 1 April	**539,211**	450,437
During the year (note 15)	**206,877**	184,549
Deletion due to renewal	**(554,195)**	(95,775)
At 31 March	**191,893**	539,211
Net book value at 31 March	**3,494,506**	3,267,172

The Company leases office space and showrooms for its operations in Oman. The lease term ranges from 1 to 5 years. Lease terms are normally negotiated on an individual basis. Leases in respect of office space and showrooms are recognised as a right-of-use asset with a corresponding liability at which the related asset is available for use by the Company.

Each showroom of the Company is considered as a cash-generating unit and the recoverable amount of the key money for each cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 12.5% (2022: 12.1%) per annum.

Cash flow projections during the budget period are based on the same expected gross margins and price inflation throughout the budget period. Cash flows beyond that five-year period have been extrapolated using a steady 11.2% (2022: 2.5%) per annum growth rate. The growth rate is estimated by the management based on performance of the cash-generating unit and their expectations of market development. The management estimate that a decrease in growth rate by 5% to 10% (2022: 5% to 10%) would reduce the headroom in the cash-generating unit but would not result in an impairment charge.

Sensitivity analysis
The Company has conducted an analysis of the sensitivity of the impairment test by changing in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which key money deposit is allocated. The management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the key money deposit is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

6. Right-of-use asset and related lease liabilities (continued)

Budgeted sales
Underperformance of 1% against budgeted sales for each show room is considered reasonably possible based on recent experience and would lead to no impairment charge at the CGU level.

Weighted average cost of capital
A 1% change in weighted average cost of capital for each shop is considered reasonably possible based on recent experience and would lead to no impairment charge at the CGU level.

Terminal growth rates
A 1% change in terminal growth rates for each shop is considered reasonably possible based on recent experience and would lead to no impairment charge at the CGU level.

Sensitivity analysis of incremental borrowing rate
If the incremental borrowing rate has been 1% higher/lower and all variables were held constant, the Company's carrying amount of lease liabilities would decrease/increase by RO 4,632 (2022: RO 1,877).

Lease liabilities

	2023	2022
	RO	RO
As at 1 April	**484,536**	219,983
Additions during the year	**434,211**	177,037
Interest expenses on lease liability	**21,254**	16,474
Payment of lease liability including interest	**(476,719)**	(225,728)
As at 31 March	**463,282**	187,766

Maturity analysis of lease liabilities:

	2023	2022
	RO	RO
Current portion	**171,743**	92,352
Non-current portion	**291,539**	95,414
As at 31 March	**463,282**	187,766

Gross lease liability and cumulative interest of lease liabilities	**2023**	2022
	RO	RO
Gross lease liability related to right-of-use assets	**500,162**	204,466
Interest expense on lease liabilities	**(36,880)**	(16,700)
Present value of lease liabilities	**463,282**	187,766

7. Inventories

	2023 RO	2022 RO
Gold jewellery - unfixed (a)	**3,731,648**	4,322,003
Scrape gold	**23,966**	26,375
Diamond jewellery	**1,097,585**	1,504,270
Direct cost	**154,084**	233,168
Making charges on gold jewellery	**157,879**	201,634
	5,165,162	6,287,450

a) The Company purchases gold jewellery by exchanging equivalent bullion for the value of gold used in those jewelleries and the related making charges are paid as per credit terms.

Unfixed gold jewellery represents 154,447 grams (2022: 195,651) of gold amounting to RO 3.7 million (2022: RO 4.32 million), which is valued at a bullion price of RO 24.32 per gram (2022: RO 23.85 per gram) prevailing as at 31 March 2023.

The corresponding liability for unfixed gold has been recognised at the closing bullion rate as at 31 March 2023.

8. Trade and other receivables

	2023 RO	2022 RO
Trade receivables	**56,005**	15,228
Deposits	**153,826**	152,976
Less: loss allowance on trade receivables and deposits	**(10,690)**	(10,690)
	199,141	157,514
Prepayments	**3,880**	8,651
Advance to suppliers	**23,603**	19,452
	226,624	185,617

Trade receivables represents amounts receivable from third parties. The average credit period for receivables from third parties is 30 days. The Company's trade receivable balances from third parties are neither past due nor impaired. No interest is charged on outstanding trade receivables.

The Company always measures the loss allowance for trade and other receivables and deposits at an amount equal to lifetime ECL using the simplified approach. The Company has not recognised a loss allowance as the effect of such allowance in not significant.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable.

8. Trade and other receivables

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Collectively assessed RO	**Individually assessed RO**	**Total RO**
Balance as at 1 April 2021	10,690	-	10,690
Net re-measurement of loss allowance	-	-	-
Balance as at 31 March 2022	10,690	-	10,690
Net re-measurement of loss allowance	-	-	-
Balance as at 31 March 2023	**10,690**	**-**	**10,690**

The following table details the risk profile of trade receivables based on the Company's provision:

	Expected credit loss rate	**Gross carrying amount RO**	**Carrying amount of receivables at default RO**	**Net carrying amount RO**
31 March 2023				
Low risk	**5%**	**209,831**	**(10,690)**	**199,141**
31 March 2022				
Low risk	6%	168,204	(10,690)	157,514

9. Cash and cash equivalents

	2023 RO	2022 RO
Bank balances	**115,061**	285,589
Cash in hand	**34,164**	18,835
	149,225	304,424

Balances with banks and margin deposits are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

10. Share capital and legal reserve

Share capital

The authorized, issued and fully paid up share capital of the Company comprise RO 250,000 shares of RO 1 each. The shareholding of the Company at 31 March 2023 is given below:

	Ownership %	Number of shares No.	Amount RO
Kalyan Jewellers FZE	**70**	**175,000**	**175,000**
Puthan N C Menon	**30**	**75,000**	**75,000**
	100	**250,000**	**250,000**

During the year there was no movement in the share capital.

Legal reserve

In accordance with the Commercial Companies Law of Sultanate of Oman, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the share capital. This reserve is not available for distribution.

11. Trade and other payables

	2023 RO	2022 RO
Trade payables	**68,854**	176,918
Advance from customers	**840,820**	583,350
Other payables	**93,520**	47,822
	1,003,194	808,090

12. End of service benefits

	2023 RO	2022 RO
At 1 April	**12,807**	11,437
Charge during the year	**3,469**	2,251
Payment during the year	**(4,652)**	(881)
At 31 March	**11,624**	12,807

13. Revenue

	2023 RO	2022 RO
Sale of gold - point in time	**9,108,456**	7,040,616
Sale of diamond - point in time	**1,687,735**	1,032,802
Sales other than retail sales	**1,081,178**	670,769
Total Sales	**11,877,369**	8,744,187
Reversal of sales other than retail and intercompany	**(1,081,178)**	(670,769)
	10,796,191	8,073,418

14. Cost of sales

	2023 RO	2022 RO
Inventories at 1 April	**6,287,450**	4,560,781
Purchase of gold and diamond jewellery	**9,126,123**	8,955,201
Reversal of cost of purchases for sales other than retail and intercompany	**(1,081,178)**	(670,769)
Packing materials	**6,468**	26,631
Other direct cost	**286,352**	346,975
Less: Inventories at 31 March	**(5,165,162)**	(6,287,450)
	9,460,053	6,931,369

15. General and administrative expenses

	2023	2022
	RO	RO
Salaries and other benefits	**332,322**	223,826
Rent expense	**64,951**	39,197
Bank charges	**15,701**	13,245
Depreciation on property and equipment (note 5)	**163,790**	159,603
Amortisation for right-of-use assets (note 6)	**206,877**	184,549
Travelling and communication charges	**181,694**	188,552
Legal and professional fees	**5,859**	2,656
Sponsorship fee	**14,784**	14,937
Sales promotion expenses	**157,448**	90,729
Advertisement expense	**18,318**	9,836
Other expenses	**78,708**	36,894
	1,240,452	964,024

16. Finance cost

	2023	2022
	RO	RO
Interest expense on:		
- related party loan	**473,662**	456,986
- short term borrowings	**-**	19,335
- term loan	**-**	8,189
Finance cost in respect of lease liabilities (Note 6)	**21,254**	16,474
	494,916	500,984

17. Taxation

The tax rate applicable to the Company is 15% (2022:15%). Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. In the current year after the adjustment of expenses as per tax law, the Company is in a tax loss position; accordingly, no current tax has been recorded in the current year. Accordingly, the applicable tax rate is nil and the average effective tax rate cannot be determined in view of no tax charge for the current year.

17. Taxation (continued)

a) Credit in the statement of profit and loss and other comprehensive income is as follows:

	2023	2022
	RO	RO
Deferred tax:		
Current year	**222,756**	32,345

b) Tax reconciliation

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rate with the income tax expense for the year. The reconciliation of the accounting profit with the taxation charge in the financial statements is as follows:

	2023	2022
	RO	RO
Loss before tax	**(370,279)**	(233,984)
Taxation @ 15% [(2022: 15%)]	**55,542**	35,098
Add / (less) Tax effect of:		
Non-deductible expenses	**167,214**	(2,753)
Tax income	**222,756**	32,345

c) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2022: 15%). The Company is of the view that it will be able to utilise its taxable carried forward losses within five years from the year of incurrence. Deferred tax calculations are adjusted on annual basis based on the assessment carried by management.

Net deferred tax asset in statement of financial position and the net deferred tax credit in the profit or loss are attributable to the following items:

31 March 2023	**At 1 April**	**Credit to profit or loss**	**At 31 March**
	RO	**RO**	**RO**
Taxable temporary difference	**(161,557)**	**161,557**	**-**
Deductible temporary difference	**384,313**	**(384,313)**	**-**
	222,756	**(222,756)**	**-**

17. Taxation (continued)

c) Deferred taxation (continued)

31 March 2022	At 1 April	Credit to profit or loss	At 31 March
	RO	RO	RO
Taxable temporary difference	(147,892)	(13,665)	(161,557)
Deductible temporary difference	338,303	46,010	384,313
	190,411	32,345	222,756

d) Tax status

As of 31 March 2023, the Company's tax assessments for the year ended 31 March 2019 has been completed by the Taxation Authority. Management of the Company believes that additional taxes, if any, in respect of open tax years, would not be significant to the Company's financial position as at 31 March 2023.

18. Related party transactions

The Company enters into transactions with other companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and / or common management and control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges and transactions with such related parties are made terms agreed between the Company and related parties.

(a) As of the reporting date balances with the related parties are as follows:

(i) Due to related parties

	2023	2022
	RO	RO
Due to related parties – affiliates	**-**	497,133
Due to the Parent Company	**473,594**	456,986
	473,594	954,119

(ii) Capital contribution

	2023	2022
	RO	RO
Capital contribution from the Parent Company	**4,999,089**	3,000,000

18. Related party transactions (continued)

(iii) Loan from the Parent Company

	2023 RO	2022 RO
Loan from the Parent Company	**5,296,244**	8,050,168

During the current year Loan from the Parent Company amounting to RO 1,999,089 has been classified as additional capital contribution.
The remaining loan carries interest at the rate of 6.25% per annum (2022: 6.5%) and is unsecured. The fair value of the loan approximates its carrying value as the loan is payable on demand and is short term in nature.

(a) The following is a summary of transactions with related party:

	2023 RO	2022 RO
Purchase of goods from the Parent Company	**159,681**	1,004,405
Payment made to the Parent Company for goods and services	**1,750,931**	507,272
Key management personnel		
Salaries and other short-term benefits	**26,943**	14,602

(c) The following is a summary of fund received from related party:

	2023 RO	2022 RO
Funds received from parent company	**-**	8,547,301

19. Operating lease arrangements

	2023 RO	2022 RO
Minimum lease payments under operating leases recognized as expenses for the year (note 15)	**64,951**	39,197

20. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	2023	2022
	RO	RO
Financial assets (at amortised cost)		
Trade and other receivables	**199,141**	157,514
Cash and cash equivalents	**149,225**	304,424
	348,366	461,938
Financial liabilities (at amortized cost)		
Loan from the Parent Company	**5,296,244**	8,050,168
Lease liabilities	**463,282**	187,766
Trade and other payables	**162,374**	224,740
	5,921,900	8,462,674

Fair value of financial instruments
Management considers that the carrying amounts of financial assets and financial liabilities as stated in the statement of financial position approximate their fair value.

21. Financial risk management

The Company's overall financial risk management program seeks to minimize potential adverse effects to the financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas, such as market risk including foreign exchange risk and interest rate risk, credit risk, and liquidity risk.

Financial risk factors

Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

21. Financial risk management (continued)

Financial risk factors (continued)

Market risk (continued)

Foreign exchange risk
Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign currency risk arising from currency exposures primarily with respect to the AED Dirhams.

Interest rate risk
The Company is exposed to interest rate risk as it borrows funds. Further, the Company is exposed to interest rate risk on its interest bearing assets (margin deposits) and borrowings. The Company manages and analyses its interest rate exposure on a dynamic basis.

Sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is controlled by counterparty limits that are reviewed and approved by the management.

The Company's principal financial assets are cash & cash equivalents, trade and other receivables. The credit risk on bank balances is limited because the counterparties are banks registered in the Oman.

The carrying amount of financial assets as disclosed in note 20 (after excluding the cash in hand) represents the maximum credit exposure.

In order to minimise credit risk, the management develops and maintains the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

21. Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

The tables below detail the credit quality of the Company's financial assets and contract assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

2023	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount RO**	**Net carrying amount** RO
Bank balances	Ba3	-	12 months	**69,776**	**69,776**
Bank balances	Ba2	-	12 months	**45,285**	**45,285**
Trade and other receivables	-	-	12 months	**209,831**	**199,141**
				324,892	**314,202**
2022					
Bank balances	Ba3	-	12 months	149,480	149,480
Bank balances	Ba2	-	12 months	136,109	136,109
Trade and other receivables	-	-	12 months	168,204	157,514
				453,793	443,103

As at reporting date none of balances of financial assets were past due. The exposure to credit risk for trade and other receivables at the reporting date relates to Oman only.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the management. The Company manages liquidity risk by maintaining adequate reserves, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has access to loans from related parties to further reduce liquidity risk.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities and the interest rate risk profile of the Company's interest bearing financial instrument at the reporting position. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

21. Financial risk management (continued)

Financial risk factors (continued)

Liquidity risk (continued)

The tables comprise principal cash flows.

2023	Average interest rate %	Carrying amount RO	Less than one year RO	More than one year RO	Total RO
Fixed interest rate liabilities					
Lease liabilities	6.25	**463,282**	**171,743**	**291,539**	**463,282**
Loan from the Parent Company	6.25	**5,296,244**	**5,296,244**	**-**	**5,296,244**
Non-interest bearing liabilities					
Due to related parties		**473,594**	**473,594**	**-**	**473,594**
Trade payables		**68,854**	**68,854**	**-**	**68,854**
Other payables		**27,928**	**27,928**	**-**	**27,928**
		6,329,902	**6,038,363**	**291,539**	**6,329,902**
2022					
Fixed interest rate liabilities					
Lease liabilities	6.5	187,766	92,352	95,414	187,766
Loan from the Parent Company	6.5	8,050,168	8,050,168	-	8,050,168
Non-interest bearing liabilities					-
Due to related parties		954,119	954,119	-	954,119
Trade payables		176,918	176,918	-	176,918
Other payables		25,176	25,176	-	25,176
		9,394,147	9,298,733	95,414	9,394,147

Commodity risk management

The Company is exposed to price risk on both sales and purchases of gold inventory.

The Company enters into forward contracts designated as cash flow hedges to manage the price risk volatility of the company's gold inventory. These contracts are entered into in accordance with the Company's risk management and hedging polices for a period of 2-4 months.

22. Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the shareholders through the optimization of the debt and equity balances. The management monitors the return on equity and also monitors the level of distribution to ordinary shareholders. There were no changes in the Company's approach to capital management during the year.

22. Capital management (continued)

The capital structure of the Company consists of equity comprising issued share capital, member contribution and losses as disclosed in the statement of changes in equity. The Company is not subject to externally imposed capital requirements other than the requirements of the Commercial Companies Law of 2019.

The Company has a target gearing ratio range of 60%- 80% determined as the proportion of net debt to equity. The gearing ratio as of the reporting date of 61% (2022: 80%) was in line with the target range. The gearing ratio at year end was as follows:

	2023	2022
	RO	RO
Total borrowings [note 18/ 11(c)]	**5,296,244**	8,050,168
Less: cash and bank balances [note 9 (a)/(b)]	**(149,225)**	(304,424)
Net debt	**5,147,019**	7,745,744
Total equity	**3,314,135**	1,908,081
Total capital employed	**8,461,154**	9,653,825
Gearing ratio	**61%**	80%

(i) Debt is defined as short term borrowings and long-term debt and loan from related party (excluding lease liabilities) as detailed in notes 11 and 18.

(ii) Equity includes capital, capital contribution, legal reserve and losses of the Company that are managed as capital.

23. Non-cash transactions

	2023	2022
	RO	RO
Transfer from loan from parent company to capital contribution	**1,999,089**	-
Transfer from due to related parties to loan from parent company	**-**	5,714,857

24. Approval of financial statements

The financial statements were approved by the management and authorised for issue on 14 June 2023.